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TASHKENT INSTITUTE OF FINANCE

"ACCOUNTING AND AUDIT" FACULTY

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"ACCOUNTING OF CURRENT ASSETS AND THEIR FINANCING SOURCES ANALYSIS"

5230900 – "Accounting and audit (on branches)" bachelor major

FINAL QUALIFYING WORK

"PERMISSION FOR DEFENCE"	**"PERMISSION FOR DEFENCE"**
DEAN OF FACULTY	**HEAD OF THE DEPARTMENT OF "AUDIT"**
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INTRODUCTION

The topicality of the final qualifying work theme. The stability of development and economic efficiency of functioning enterprise depends on the rational management of its assets, among which have a special place in current assets. This is due to with the fact that, first, the current assets are the most mobile and several times change their form from inventory to cash and back to throughout the fiscal year. Secondly, their scale: for the enterprise the value of current assets is more than half value of all its assets. Thirdly, their dependence on a large number of heterogeneous internal and external factors makes a significant contribution to their behavior uncertainty, which makes managing them very difficult. In the works, devoted to the management of current assets, the main emphasis is on management of the regular component of current assets and generated by them financial flows. However, in connection with the increase in intensity economic life and increased competition due to globalization world economic processes, the role of the random component in current assets of enterprises and the financial flows generated by them continuously increases.

Research subject of the Final qualifying work. It is attached to the study of problems associated with increasing the efficiency of using the current assets of enterprises, since regardless of the forms of ownership, branch and technological characteristics, the scale of production, the movement of the value of resources and their circulation are possible only through the servicing of these processes by current assets .

The relevance of the chosen topic is that economic objects in the market economy pay special attention to the condition of current assets. Since the success of the enterprise depends on the correct and rational movement of current assets.

Competitive positions of organizations on the market are largely determined by the effectiveness of working capital management of each business entity.

Based on the **goals**, it can be created the following **tasks**:

1) understanding the necessity for establishment of current assets' accounting and their financing sources analysis;

2) investigating the condition of current assets` accounting and establishment of financial sources analysis;

3) research of theoretical works of domestic and foreign scientists of economists on the economic essence of the enterprise's current assets, their role and management methods.

Research object of the Final qualifying work. It consists in applying the obtained information based on accounting and analysis of current assets for improving the accounting of current assets at JSC «BEKTEMIR SPIRTEKSPERIMENTAL ZAVODI».

Theoretical and practical significance of the topic. This topic is not new, as it is studied and presented in scientific papers and in the economic literature of the domestic scientists and economists.

An important attention is paid to this topic not only by scientists, economists, but also by members of the government, President of Uzbekistan Shavkat Mirziyoyev signed a decree "On Uzbekistan’s Development Strategy ", which includes action such as further modernization and diversification of the industry through upgrading to a new qualitative level, aimed at development of high-tech industries, primarily for the production of finished products with high added value on the basis of deep processing of local raw materials and promotion of production of new types of products and technologies, thereby ensuring the competitiveness of domestic products in foreign and local markets[1];

The essence of the problem of increasing the economic efficiency of production consists in increasing economic results per unit of costs in the process of using available resources. In the conditions of the market, each enterprise has the right to use any estimates of the efficiency of development of its own production. The features for functioning of the market also reject the division of efficiency into general and comparative, since the possible methods of developing

[1] O`zbekiston Respublikasi Prezidentining “2017-2021 yillarda O`zbekiston Respublikasini rivojlantirishning beshta ustuvor yo`nalishlari bo`yicha harakatlar strategiyasi” №PF-4947, 07.02.2018 y.

production and choosing the best option depend on market conditions. The market element is complex, and the transition to the market makes it possible to develop uniform approaches to measuring costs and results for the selection and implementation of truly effective solutions at all levels of production management that turn the calculation of economic efficiency from a formal economic procedure into a vital necessity.

There are significant relations between current assets management and company`s performance. The results show that collection period of account receivables and cash conversion cycle are negatively related with current assets` profitability and this means by shortening collection period and cash conversion cycle company can increase their profitability. According to results, relationship between other current assets management components and company`s profitability is insignificant. Relationship between leverage and company`s profitability is negative while the relationship between company size and company`s profitability is positive[2].

In order for an enterprise to function and develop normally, it must receive revenues, profits, and increase cash accumulation. An important factor in the growth of profits, which depends on the activity of enterprises, is the growth in the volume of production, the reduction of its cost, the improvement of quality, the improvement of the assortment, the increase in the efficiency of the use of productive assets, and the growth of labor productivity.

Final qualifying work theme`s aims and functions are the result of correct decisions on the proportions of capital investment in current assets, taken before the beginning of the operating activities of the enterprise. On how the circulating production assets are used, the value of the enterprise's profit depends, and hence its further development. Current assets are involved in the production process and is one of the main management issues in the enterprise. It is common knowledge that, for the normal functioning of each business entity, circulating assets are

[2] Michael Troilo, Brain R. Walkup, Masato Abe “Legal system and financing of working capital”, International Review of Economics & Finance Journal, Volume-61, 186 p. www.sciencedirect.com

primarily money resources used by the enterprise for the acquisition of circulation funds. Rational and economical use of revolving funds is the primary task of the enterprise.

The efficiency of current assets management of the organization has a great impact on the results of its financial and economic activities.

Many indicators of economic activity of the organization, its financial standing, and, consequently, its financial stability, solvency and liquidity depend on the state of current assets, the speed of their circulation.

The theoretical and practical importance of "Accounting of current assets and their financing sources analysis" is that the security of current assets, their structure and level of use largely depend on the effectiveness of functioning and financial stability of enterprises.

According to its structure, the final qualifying work consists of: introduction, three chapters, conclusions and proposals, as well as a list of references. The paper presents 6 tables and 3 figures, drawings from the latest scientific literature and the author's development on the basis of the practical material of the study.

CHAPTER 1.THE NECESSITY FOR ESTABLISHMENT OF CURRENT ASSETS` ACCOUNTING AND THEIR FINANCING SOURCES ANALYSIS

1.1. The essence of current assets` accounting, its importanceof establishing and functions.

To carry out economic activities, each enterprise must have certain property belonging to it on the rights of ownership or possession. All property that the enterprise has and that is reflected in its balance sheet is called its assets.

Assets represent the economic resources of an enterprise in the form of aggregate property values used in economic activities for the purpose of making a profit.

Current assets are assets that can be converted into cash in one production cycle or one year. As is known, all assets of the enterprise consist of basic, or permanent, and negotiable, or current. Current assets are the mobile part of the assets of an enterprise.

Current assets include material production stocks and costs, finished products, accounts receivable, cash. Being in constant motion, current assets ensure an uninterrupted production process. At the same time, constant and regular change of forms of value: from the money itturns into commodity, then into production, and again into commodity and monetary.

Material-production stocks are tangible assets held for sale in the normal course of business and are in the process of producing products, performing work or providing services, or for draining administrative and socio-cultural functions.

Material-production stocksare the total cost of all component parts currently in stock that have not yet been used in work-in-process or finished goods production.

The cost of raw materials on hand as of the balance sheet date appears in the balance sheet as a current asset. Raw materials may be aggregated into a single inventory line item in the balance sheet that also includes the cost of work-in-process and finished goods inventory.

Raw materials may sometimes be declared obsolete, possibly because they are no longer used in company products, or because they have degraded while in storage, and so can no longer be used. If so, they are typically charged directly to the cost of goods sold, with an offsetting credit to the raw materials inventory account.

The material-production stocks is regulated by NAS №4"Material-production stocks" approved by the Order of the Ministry of Finance of the Republic of Uzbekistan on 15.06.2006. №52, as well as regulatory and legal acts of Uzbekistan that regulate accounting in the Republic of Uzbekistan on the 4 levels.

In accordance with paragraph 8 of NAS № 4, "Material-production stocks" are recognized as an asset if:

a) there is a certainty that the future economic benefit associated with the asset will flow into the organization;

b) the value of the asset can be duly valued;

c) transferred ownership for it;

The main provisions of accounting for material-production stocks are:

- determination of the moment of
recognition -classification;

- valuation of book value;

- determination of costs included in the cost of commodity-material reserves;

- subsequent recognition of costs, including the cost of material-production stocks as an expense;

- reduction of material-production stocks to net realizable value (valuation)

- determination of financial results from their destruction

The main tasks of accounting for material-production stocks are:

- correct and timely documenting of transactions and providing of repository data on the stocking, receipt and release of stocks;

- formation of actual stocks;

- control over the safety of stocks in places and storage and at all stages of their movement;

- control over observance of the norms of reserves established by the organization, ensuring uninterrupted production of products, performance of works and rendering of services;

- the timely identification of unnecessary and surplus stocks with a view to their possible sale or the identification of other opportunities for involving them in circulation;

- timely and proper inventory of material-production stocks and the consolidation of its results in accounting.

The first method is applied in organizations with a small nomenclature of materials, as well as with a small number of deliveries in the accounting period. As a rule, in such organizations, discount prices are not applied, and the received materials are received at their actual production cost.

Synthetic accounting of material-production stocks on synthetic accounts 1000-«Accounts accounting materials»,1110-“Animals in growing and fattening”, 1510-“Procurement and acquisition of material values”, 1610-“Deviation in thevalue of material values”.

In synthetic accounting, two methods of preparing materials are used:

- with the account 1010-“Materials” (at the actual cost price)

- with the use of account 1010-“Materials”and1510-“Pattern and acquisition ofmaterial values”, 1610-“Deviation in the value of material values” (at discount prices).

In accordance with the NAS №4 "Material production stocks ", the acquisition of material production to stocks keeping and the retiring material production stocks (including those released in production) is effected by one of the following methods:

- at the identified cost of the corresponding unit;
- by weighted average cost (AVECO);
- at the prime cost of the first-time acquisition of inventory (FIFO).
- at the prime cost of the last-time acquisition of inventory (LIFO)

Table 1

Examples of transactions used with material-production stocks account[3]

№	Contents of the business transaction	Correspondence of accounts	
		Debit	Credit
1	The purchase price of materials for the amount without VAT is reflected	1010	6010
2	Materials produced in the organization at actual cost	1010	2310
3	Waste from main production was disposed of		
4	Receipt of materials as a contribution to the authorized capital, in the valuation at the agreed cost	1010	4610
5	Materials left after dismantling of rejected products are disposed	1010	2610
6	The acquired materials on accounting prices were accepted for accounting	1010	1510
7	Over expenditure on acquisition of inventories is reflected	1610	1510
8	Materials in the accounting valuation were used	1010	1510
9	Purchased materials are transferred to production	2010	1010
10	The difference between the actual cost price and the accounting price of materials is written off	2010	1610

Material production stocks are written off from the balance of the organization as a result:

- realization;

- transfers in the form of a constituent contribution to the charter capital of another organization;

- return to the founder of the deposit previously paid into the charter capital of the organization, when he leaves the structure of the founders or when the property of the liquidated economic entity is distributed among its participants;

- free transfer;

- exchange;

- definition of shortage, loss or damage;

[3] Compiled by author based on information “Бухгалтерский учет”, Sh.T. Ergasheva, Moliya-Iqtisod- 2010 y., 213 p.

- liquidation (destruction) on the grounds of impairment after the expiration of the storage period, due to physical, and material obsolescence;
- provision of a commodity loan or return of a previously received commodity loan;
- other operations and events.

According to Art. 11 of Law № 279-I “On Accounting” to ensure the correctness of accounting data and financial statements, organizations are obliged to pass inventory of material production stocks, during which their actual condition and assessment are verified and documented. The objects, order and timing of the inventory of material and productionreserves are determined by NAS №19 "Organization and implementation of inventory" approved by the Ministry of Finance of the Republic of Uzbekistan. № 833 of November 2, 1999[4].

The productioncosts of products and their sale, the performance of work, the provision of services represent a valuation of the products used in the production process, the performance of work and the provision of raw materials, materials, fuel, energy, natural resources and other costs for the manufacture of products, performance of work, rendering services, to manage directly the production and organization as a whole, the sale of products.

Production cost refers to the cost incurred by a business when manufacturing a good or providing a service. Production costs include a variety of expenses including, but not limited to, labor, raw materials, consumable manufacturing supplies and general overhead. Additionally, any taxes levied by the government or royalties owed by natural resource extracting companies are also considered production costs.

Also referred to as the cost of production, production costs include expenditures relating to the manufacturing or creation of goods or services. For a cost to qualify as a production cost it must be directly tied to the generation of revenue for the company. Manufacturers experience product costs relating to both the materials required to create an item as well as the labor need to create it.

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[4] http://lex.uz/docs/90762

Service industries experience production costs in regards to the labor required to provide the service as well as any materials costs involved in providing the aforementioned service.

In production, there are direct costs and indirect costs. For example, direct costs for manufacturing an automobile are materials such as the plastic and metal materials used as well as the labor required to produce the finished product. Indirect costs include overhead such as rent, administrative salaries or utility expenses.

In the practice of production accounting of enterprises historically the first direction of activity prevailed - the calculation of the cost of production.

The costs that constitute the production cost of products (works, services) are grouped according to their economic content by the following element:

- production material costs (minus the cost of returnable waste);
- labor costs for production;
- deductions for the payment of social insurance related to the production;
- other production costs.

Formation of information on expenses for ordinary activities is maintained on accounts 2010, 2310, 2510, 3110 of the Chart of accounts approved by the order of the Ministry of Finance of the Republic of Uzbekistan. on 09.09.2002 №103.

The main tasks of accounting for production costs are:

- timely, complete and reliable reflection of actual costs associated with the production of products;
- accurate calculation of the cost of goods (works and services);
- identification of unproductive expenses and losses allowed on the site of production;
- control over the rational use of raw materials, materials, fuel-processing fees and other costs, compliance with progressive norms of expenditure of resources and cost estimates for management and maintenance of production;

- verification of the implementation of plans at cost and identification of reserves for further cost reduction;

-identification of the results of production activities, both in the whole organization and its units;

Table 2

Examples of transactions used with Production cost account[5]

№	Contents of the business transaction	Correspondence of accounts	
		Debit	Credit
1	Materials written off for production are written off	2010	1010
2	Transferred to further processing of semi-finished products of own production	2010	2110
3	Included in the cost of products (works, services) are the costs of auxiliary (maintenance) production	2010	2310 (2710)
4	Considered in the costs of the main production cost, performed by an outside organization	2010	6010 6990
5	Wages paid to the employees of the main production	2010	6710
6	Actual expenses related to production	1010	1510

The accounting of production costs is provided in accordance with the Regulations approved by the Ministry of Finance of the Republic of Uzbekistan on February 05, 1999 №54 “On the composition of costs for the production and sale of products (works, services) and on the procedure for the formation of financial results” (amendments to the Resolution of the President of the Republic of Uzbekistan dated 27.12.2005 No. PP-244), accounting for costs associated with the implementation of normal activities.

Finished goods, are inventory items unique to manufacturers. As retailers purchase their inventory in completed form, there’s no need to categorize

[5] Compiled by author based on information “Бухгалтерский учет”, Sh.T. Ergasheva, Moliya-Iqtisod- 2010 y., 274 p.

orsegment their inventory. Goods and products that have been purchased ready for sale are known as merchandise.

Items purchased as “raw materials” are used to produce finished goods. If the product is only partially completed, it is called “work in process”. Once the product no longer requires processing and is ready to be consumed or distributed, it becomes “finished goods”.

However, finished goods is a relative term, and a seller’s finished goods may become a buyer’s raw materials. For example, a flour mill produces flour; they purchase grains as raw materials which are ground and packaged, then sold to bakeries as finished goods. For the bakeries, the flour is a raw material used to produce their finished goods, bread and cakes.

The finished goods inventory is recorded on a company’s income statement as a short-term or current asset, as it is assumed that the finished goods will be sold within a year.

At the end of the accounting period, the finished goods inventory is usually combined with raw materials and work in process under one single “Inventory” line on a company’s balance sheet.

Finished goods will often undergo a markup, meaning that the price for which they are sold is increased from the original purchase price. Markup amounts can differ, but it is not uncommon for markups to be around 50% more than the price of the original manufacturer.

Finished goods, as a rule, should be surrendered to the warehouse of finished goods, exceptions are allowed for large-sized articles and other goods, the delivery of which is difficult for technical reasons. They can be taken by the representative of the buyer (customer) at place of manufacture, assembly or shipped directly from these places.

Normative regulation of accounting for finished goods is the Law “On Accounting”, NAS №4 “Material production stocks”, approved by the Order of the Ministry of Finance of the Republic of Uzbekistan on June 15, 2006 №52, as well as regulatory and legal acts of the Republic of Uzbekistan regulating accounting issues in Uzbekistanon 4 levels.

The data of analytical and synthetic accounting of finished products must ensure that the necessary data are obtained for the preparation of financial reports.

The main tasks of accounting for finished goods are:

- formation of the actual cost price of finished goods;
- correct and timely documenting of transactions and ensuring reliable data on the production of finished products;
- control over the safety of stocks of finished products in their places of storage and at all stages of their movement;

For accounting the availability and movement of finished goods, Active Account 2810 “Finished Products” is intended.

Table 3

Examples of transactions used withFinished goods account[6]

№	Contents of the business transaction	Correspondence of accounts	
		Debit	Credit
1	Warehouse finished goods produced by main production	2810	2010
2	Discontinued finished products	1010	2310
3	The actual cost price of the shipped products is written off	9110	2810
4	The cost of the missing finished products is reflected	2810	9390
5	When goods are received from the supplier	2910	6010
6	Leave products from stock to production	2010	2910

According to regulatory documents on accounting, products are considered sold from the moment of its shipment (leave) to customers and the submission of settlement documents. The transfer of ownership takes place at the time the product is transferred to the buyer or transport organization.

[6] Compiled by author based on information “Бухгалтерский учет”, Sh.T. Ergasheva, Moliya-Iqtisod- 2010 y., 256 p.

According to paragraph 76 of NAS № 4 “Material-production stocks”, registered in the Ministry of Justice of the Republic of Uzbekistan. № 486 on 28.08.1998, the inventory of finished goods is made at least once a year, before compiling the annual accounts in order to objectively reflect the inventory in the annual report.

If the material-responsible person (or another employee) is found guilty, if, as a result of the assessment, the market value of the missing finished goods (the amount of recovery) is higher than the actual (balance) value of the missing finished goods, the amount of income is reflected in the accounting as follows:

-the credit account 5910 “Lack of and loss from damage to property” - on the actual (balance) value of the missing finished goods;

-the debit of account 4730 “Arrears of personnel for compensation of material damage” - at the market value of the missing finished goods, subject to recovery from the guilty persons or materially responsible persons;

- the credit of account 9320 “Profit from retirement of other assets” - the difference between the market value of the missing finished goods, subject to recovery from the responsible persons or materially responsible persons, and the actual (balance) value of the missing finished goods.

Cash is classified as a current asset on the balance sheet and is therefore increased on the debit side and decreased on the credit side.

From an accounting perspective, cash is the most liquid asset a company can possess. A cash balance indicates that a company has cash on hand and can use that cash however it wishes.

Cash includes more than just the physical traditional bills and coins. Cash can include any other currencies, as well as undeposited cheques and amounts in a current account.

Cash will usually appear at the top of the current asset section of the balance sheet because these items are listed in order of liquidity.

Any asset that can be liquidated for cash within one year can be included as cash, these are known as “cash equivalents”.

Cash transactions include operations related to the receipt and use of cash in the organization.

The rules for conducting cash transactions are regulated by the normative legal act of the Central Bank of Uzbekistan on 24.01.1998 № 376, registered by the Ministry of Justice of the Republic of Uzbekistanon 12.17.1998 №565 “Rules of conducting cash operations by legal entities”(these Rules are amended in accordance with the Resolution of the Board of the Central Bank registered by the Ministry of Justice of the Republic of Uzbekistan 05.03.2004 №565-5)[7].

The main tasks of accounting cash in the cashier are:

- accounting and execution of operations with cash and settlements with legal entities and individuals in accordance with the requirements of the current legislation and the established rules;

- control of compliance with cash and accounting discipline;

- timely and correct documenting of cash flow transactions;

- the strictest routine control over the safety of cash, currency and securities in the cash register;

- timely inventory of funds;

Enterprises have the right to keep cash in their cash desks in excess of the established limits only for payment of labor, payment of social insurance benefits and grants not more than three working days, including the day of receipt in the bank.

Cash transactions for the reception and issuance of cash are processed by the forms of primary accounting documentation approved in accordance with the legislation of the Republic of Uzbekistan.

The following shall be entered on the settlement account:

- revenue for sold products (works, services) from customers, customers;

- cash (unpaid salary, excess o limit and money in the cash register, etc.);

-other income.

[7] http://lex.uz/docs/90787

The funds of the organization are accounted for in the active synthetic account 5110 "Settlement account".This account is designed to summarize information on the availability and flow of funds in the currency of the Republic of Uzbekistan on the settlement accounts of the organization opened with credit institutions. There are given some transactions which reflects settlement account correspondence with other accounts respectively:

Table 4

Examples of transaction used with cash accounts[8]

№	Contents of the business transaction	Correspondence of accounts	
		Debit	credit
1	Received cash from your checking account	5010	5110
2	The remainder of the advance was paid to accountable persons	5010	4200
3	Debt for shortages, waste and theft	5010	4730
4	Wages, allowances, bonuses paid	6710	5010
5	The shares of the enterprise were bought out	8610	5010
6	Issued on performance lists deposited wages	6720	5010
7	Paid for tangibles and services provided	3190	5010
8	The amount of shortage found during the inventory	5910	5010
9	Short-term loans (loans) in cash	5010	6810
10	Cash withdrawn from the current account	5010	5110

Currency values include the property and liabilities of organizations expressed in foreign currency. Law of the Republic of Uzbekistan on 07.05.1993 № 841-XII In the edition of the law of the Republic of Uzbekistan on 11.12.2003 №556-I "On Currency Regulation” under the term “foreign currency” understands:

- foreign banknotes in the form of banknotes, treasury tickets and coins in circulation and being legal tender in a foreign country;

[8] Compiled by author based on information “Бухгалтерский учет”, Sh.T. Ergasheva, Moliya-Iqtisod- 2010 y.,274 p.

- exempted or withdrawn from circulation, banknotes, subject to exchange for banknotes of the same foreign state;
- funds on accounts and in deposits in monetary units of foreign countries and international monetary or settlement units.

Authorized banks in which the company's foreign currency account is opened, perform cash settlement services for customers in foreign currency, collect cash currency, transfer foreign currency funds to foreign counterparties, lend in foreign currency, etc. Settlement and cash services are regulated by an agreement concluded between the servicing bank and enterprise. Payments for settlement and cash services on the basis of a contract concluded for servicing a foreign currency account are included by the enterprise in the costs of production and circulation in accordance with bank statements, where the actual customer fees for servicing the account are reflected.

Generalization of information on the availability and flow of funds on accounts in foreign currency in banks in the territory of the Republic of Uzbekistan and abroad is carried out on the following accounts:

5210-“Foreign exchange accounts inside the country”

5220-“Foreign exchange accounts abroad”.

Operations on currency accounts are reflected in the accounting records on the basis of bank statements and attached monetary and settlement documents.

All operations on the company's currency account are registered based on copies of bank statements from transit and foreign currency accounts

In accounting, when reflecting an operation with foreign currency in a foreign currency account, a general rule is adopted regarding the mandatory conversion of foreign currency into soum. Such a recalculation is made on the admission and withdrawal of the currency.

Accounts receivable is the money that a company has a right to receive because it had provided customers with goods and/or services. For example, a manufacturer will have an account receivable when it delivers a truckload of goods to a customer on June 1 and the customer is allowed to pay in 30 days. From June 1 until the company receives the money, the company will have an account receivable (and the customer will have an account payable).

Accounts receivables are also known as trade receivables. Companies who sell on credit are unlikely to have liens on their customers' property. Hence, there is a risk that the full amount of their accounts receivable might not be collected. This means that companies need to cautious when granting credit and establishing an account receivable. If there is uncertainty of a potential (or existing) customer's credit worthiness, it is wise for the company to require the customer to pay with a credit card before delivering goods or services.

It is also important for a company to monitor its accounts receivable and to immediately follow up with any customer who has not paid as agreed. An aging of accounts receivable is a tool that will help and it is readily available with most accounting software. A general rule is that the older a receivable gets, the less likely it will be collected in full. Accounts receivable are reported as a current asset on a company's balance sheet. Good accounting requires that an estimate be made for the amount that is unlikely to be collected. That estimate is reported as a credit balance in a related receivable account such as Allowance for Doubtful Accounts. Any adjustments to the Allowance balance will also be recorded in the income statement account Uncollectible Accounts Expense. The purpose of assigning accounts receivable is to provide collateral in order to obtain a loan.To illustrate, let's assume that a corporation receives a special order from a new customer whose credit rating is superb. However, the customer pays for its purchases 90 days after it receives the goods. The corporation does not have sufficient money to purchase the raw materials, pay for the labor, and then wait 90 days to collect the receivable. The corporation's bank or a finance company may lend 80% of the receivable but insists that the receivable be assigned to them as collateral for the loan. Assigning a specific account receivable usually results in recording the receivable in a separate general ledger account such as Accounts Receivable assigned.

Instead of assigning a specific receivable, the lender may require the corporation to assign all of its receivable as collateral for a loan.

Accounts receivable or receivables represent the debts of customers, customers for goods and services sold by them, as well as various debts of staff, founders and other persons. In other words, accounts receivable are the right of an economic entity to cash and other assets of other persons. In accounting, accounts receivable are grouped by different characteristics, for example, for reporting periods, due dates and claims, as well as the probability of their receipt.

The main tasks of accounting for accounts receivable are:

- recognition and real assessment of accounts receivable;
- timely documenting the origination and coverage of accounts receivable;
- reflection on the relevant accounts of accounting of accounts receivable, by nature, content and by other indication;
- the conduct of systematic control, the state and movement of accounts receivable;
- the organization of control, for recovery of bad debts receivable through judicial and correct write-offs at the expense of the company's income;

In order to account for accounts receivable, accounts are provided in the chart of accounts:

4000-“Accounts receivable”;

4110-“Accounts receivable from separate subdivisions, subsidiaries and dependent business entities”;

4200-“Accounts of the account of the advances given out to the personnel”;

4300-“Accounts for the recording of advances to suppliers and contractors”;

4400-“Accounts of the account of advance payments to the budget”;

4500-“Accounts for the bookkeeping of advance payments to state trust funds and for insurance”;

4600-“Accounts of the debt of founders on contributions to the authorized capital”;

4700-“Accounts of the account of debts of the personnel on other operations”;

4800-“Accounts of debt to different debtors”;

4900-“Accounts for the bookkeeping of the provision for doubtful debts”.

1.2. The theoretical and practical basis of current assets` financing sources analysis

Current assets constitute a significant share of all assets of the enterprise. From the skillful management of them, the successful entrepreneurial activity of the business entity largely depends.

Financing of current assets in the organization can be implemented by using internal and external sources. In the first way, the organization takes bank loans and use equity and debt instruments if it is a joint-stock company. In the second way it uses internal sources as a result of profit by performance of organization.

And as a result of production process raw materials turn to finished goods and it is sold to costumers at this moment it is considered as Receivables after costumers pays for bought products it turns to cash or noncash form. Lastly organization buys raw materials and other necessary items for proceeding its performances. By this way organization can finance new producing cycle. Here given circulation process in the following figure:

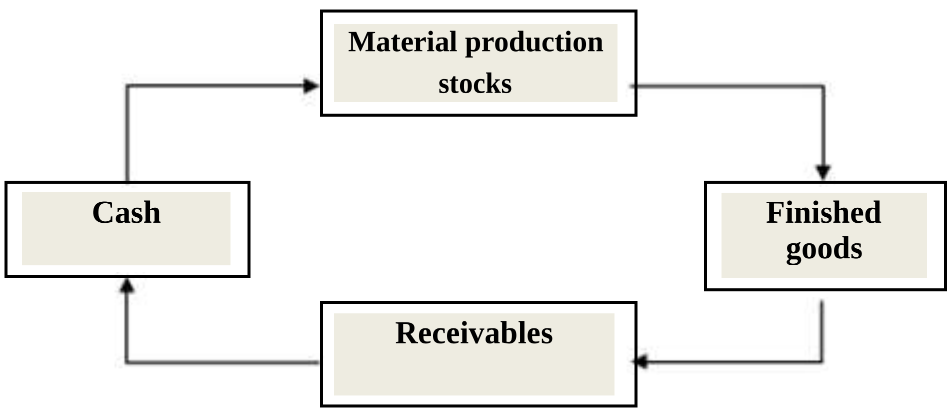

Figure1. Circulation of current assets[9]

[9] Bogatko, A.N. Bases of the economic analysis of the managing assets. - Moscow: Finance and Statistics, 2014. 412 p.

Objects of analyzing current assets are: the degree of their liquidity, composition, size, sources of coverage and their structure.

By the degree of liquidity, they distinguish between slow-executing, quick-selling and absolutely liquid current assets.

Slowly realized current assets include stocks of raw materials, materials, work in progress, finished products. Stocks of finished products are a more liquid part of slow-selling assets. Determination of working capital necessary for the formation of stocks of finished products in the warehouse, is closely related to forecasting the volume of sales of products. With a sufficiently deep study of the sale of finished products, its accumulation in a warehouse can be minimal.

The amount of money invested in work in progress largely depends on the duration of the production cycle, which in turn is determined by the technology of production, its technical and economic characteristics and consumer properties.

The fast-negotiable assets include accounts receivable, because it is able to quickly transform into cash. Accounts receivable are formed during the sale of products and represent the cash that buyers owe to the enterprise. In cash, it turns into a certain period. The current assets include accounts receivable, the maturity of which does not exceed one year.

Accounts receivable includes:

- accounts receivable on the main activity, since the enterprises mainly sell finished goods on credit;
- accounts receivable for financial transactions;
- advances to employees;
- funds on deposits.

Absolutely liquid assets include cash on hand and on bank accounts. In the composition of current assets are recorded cash intended for current cash payments.

The composition, structure, size of working capital is affected by: the nature and complexity of production, the duration of the production cycle, the cost of raw materials, the terms of its delivery, the accepted procedure for settlements, sector specificity, market conditions.

The value of working capital is not constant and depends not only on the volume of production, but also on factors such as seasonality of production, uneven supply, untimely receipt of funds for shipped products.

Permanent working capital can be considered as part of current assets, which is relatively constant during the production cycle. It can be either averaged or the minimum value of the current assets needed for production activities, depending on the decision of the financial manager.

The size of variable capital determines the additional need for working capital, associated with deviations arising in certain periods of production activities of the enterprise. For example, the need for additional costs associated with the seasonal purchase of raw materials in the food industry, or with the seasonal sale of finished products, the growth of accounts receivable, etc.

One of the first and important issues of operational analysis of current assets is the calculation of net working capital. Net working capital, also called working capital, or own circulating assets, can be determined with equal success by balance in two ways: "from below" and "from above.

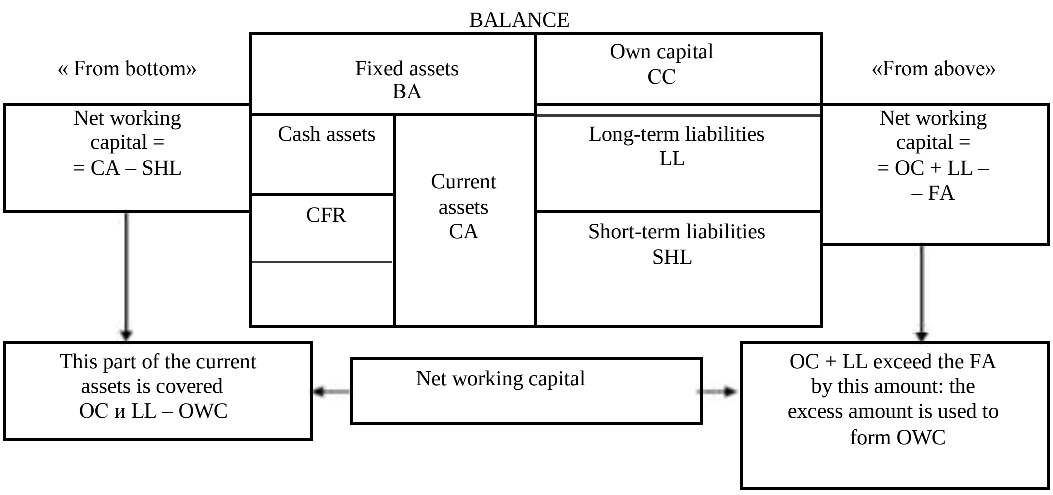

Figure 2. The process of formation of net working capital[10]

[10] Bogatko, A.N. Bases of the economic analysis of the managing assets. - Moscow: Finance and Statistics, 2014y., 438 p.

As can be seen from the figure, when determining “from bottom”, net working capital is defined as the difference between current assets and short-term liabilities. In determining “from above” it is defined as the difference between the amount of equity (capital and reserves) and long-term liabilities and non-current assets. In this case, as it is not difficult to verify, the value of net working capital in the calculation in two ways is the same.

If not enough indicated in Fig. 2 sources for the formation of the necessary organization of current assets, the organization must be financed in debt first at the expense of accounts payable, then at the expense of short-term loans.

After determining the net working capital, it is necessary to introduce the concept of current financial needs. The most correct is the definition of current financial needs as uncovered by various sources of forming part of the net current assets, which leads to the need to attract short-term credit. Based on this, current financial requirements (CFR) can be defined as a difference:

-between current assets (without cash) and accounts payable;

-between funds invested in inventories, plus accounts receivable and accounts payable.

The economic content of current financial needs leads to the need to calculate the average duration of turnover of working capital, i.e., the time needed to convert funds invested in inventories and receivables into money in a settlement account. The organization is interested in reducing the periods of turnover of production stocks and receivables, as well as in increasing the period of turnover of accounts payable.

Current financial requirements can be calculated in soum, as a percentage of sales, as well as in percentage of average annual sales. It is considered desirable that the commercial credit of the suppliers more than covers the client's debt, which provides the organization at any given time the receipt of funds even more than it needs. The magnitude of the current financial requirements varies by industry and organization of one industry, since their magnitude depends on the following factors:

- duration of the operational and sales cycles (turnover period);

- seasonality of production and sale of finished products, as well as supply of raw materials and materials;

- the state of the market situation (when "heated" and highly competitive market the most ridiculous thing that can happen to the seller is to remain without goods for the prompt delivery to the buyer);

- values and norms of value added (the lower the norm of added value, the more commercial credit of suppliers is able to compensate for client debt.)

The ratio of sources of financing of current assets has a decisive influence on the change in the amount of net working capital. If short-term liabilities are stable (constant), then current assets grow at the expense of own sources and long-term borrowed funds, which leads to growth and net working capital. At the same time there is an increase in the financial stability of the organization and the cost of equity, but the effect of the financial lever is diminishing and the strength of the operating leverage is growing.

Table 5

Nature of change in indicators[11]

Indicator	The nature of the change	
Efficiency of own funds use	A fall	Growth
Short-term liabilities	Consistency	Growth
Current assets	Growth	Growth
Own and long-term borrowed funds	Growth	Consistency
Net working capital	Growth	Decrease
Financial sustainability of the organization	Growth	Decrease
Effect of financial leverage	Decrease	Growth
The force of the operating lever	Growth	Decrease

Table shows that the choice of sources of financing of current assets is ultimately determined by the ratio between the level of capital use and the level of risk of financial stability and solvency of the organization.

11 Joanna Blach, Anna Dos "Analysis of the financial condition of the enterprise". Journal of Economics and Management, Volume 21, 2016y., 154 p., www.sciencedirect.com

Earlier, it was said that one of the main tasks of analyzing of current assets is the transformation of current financial needs into a negative amount. At the same time, the organization has cash surpluses, which it must use effectively, although this is not the most urgent task at present.

To make financial decisions on working, an in-depth analysis of own working capital and current financial needs is needed in order to develop a number of basic rules, as well as to consider a number of business situations and make appropriate financial decisions on them. As it was shown earlier, one of the main criteria for sources of current assets analysis is the availability of own working capital or net working capital. The presence or absence of own working capital (pure working capital) in the organization indicates its ability or inability to cover at its own expense not only the need for permanent assets (non-current assets), but also at least partially the need for negotiable assets.

Practice shows that the value of own working capital should be positive. The majority of production organizations have a significant amount of their own funds (their own authorized capital) invested in fixed assets, the formation of which requires a long-term way of financing them, since the organization can not lose vital property (buildings, machinery, equipment). At the same time, the formation of current assets should be carried out mainly at the expense of short-term liabilities, which corresponds to the main indicator of the company's solvency - the ratio of current liquidity, the value of which can not be less than one.

The second important indicator is current financial needs, which in practice are often divided into current financial needs of operational (sales) and non-operational (non-operating) nature.

The division of current financial needs into operating and non-operational needs is necessary for clarification, at the expense of which a financial equilibrium is achieved: at the expense of the organization's own production and economic activities or through financial transactions. Operational financial needs are covered by the organization's own production and economic activities. This is due to the fact that the need for working capital arises from the fact that:

- money invested in raw materials and materials before being transformed into money on a settlement account must go through a certain cycle: stocks → unfinished products → finished products → sales;

- the organization has a receivable, which arises because of a mismatch in the timing of the transfer of finished products, and its payment by the customer.

Conclusion for the first chapter

To summarize it can be said that Current assets large share, its differentiations, the circulation speed of use, comparatively high liquidity in the asset structure of companies forces any company to establish precise, operative accounting and analysis over them. Main accounting transactions correspondence with using current assets accounts. Current assets are also considered most liquid assets of company and its amount draws a view how company is capable for mature its obligations. In the structure of total assets of the company current assets plays an important role especially cash assets is more frequently used when operations conducted. To make financial decisions on working, an in-depth analysis of own working capital and current financial needs is needed in order to develop a number of basic rules, as well as to consider a number of business situations and make appropriate financial decisions on them. As it was shown earlier, one of the main criteria for sources of current assets analysis is the availability of own working capital or net working capital. Financing of current assets in the organization can be implemented by using internal and external sources. In the first way, the organization takes bank loans and use equity and debt instruments if it is a joint-stock company. In the second way it uses internal sources as a result of profit by doing business performance of organization.

CHAPTER 2. THE CONDITION OF CURRENT ASSETS` ACCOUNTING AND ESTABLISHMENT OF FINANCIAL SOURCES ANALYSIS

2.1. The environment of current assets` accounting in company

Joint-stock company «BEKTEMIR-SPIRT EKSPERIMENTAL ZAVODI» was established in 2007. In its activities, JSC «BEKTEMIR-SPIRT EKSPERIMENTAL ZAVODI» is guided by the legislation and the Charter.

The main activities of the company are:

- production of ethyl alcohol and its realization;
- conducting research on the quality of nutritious ethyl alcohol and focusing on production;
- production and sales of pharmaceutical, perfumery cosmetic products;
- develop new types of competitive products in domestic and foreign markets;
- acquisition, production and sale of goods (works, services).

JSC «BEKTEMIR-SPIRT EKSPERIMENTAL ZAVODI»has the status of a legal entity, its settlement account, a round seal with its name, a stamp, letterheads and other necessary documents. The enterprise has a separate property, can acquire property and p non-property rights on its own behalf and bears responsibility, a defendant, a third person in the judicial bodies.

At the head of JSC «BEKTEMIR-SPIRT EKSPERIMENTAL ZAVODI»is the chairman of the board. He decides on the behalf of shareholders of the company in all the issues of the enterprise's activities, represents shareholders interests in all domestic enterprises and organizations. He also disposes of the property granted to him, concludes contracts, including hiring employees. He publishes orders mandatory for execution by all employees of the enterprise. The chairman of the board bears full responsibility for the activities of the company, ensuring the safety of inventory, cash and other property of the enterprise within its authority. Issue powers of attorney, open accounts in banks, use the right to dispose of funds.

The finance director, chief accountant, cashier (personnel department), chief economist, chief engineer (engineer-engineer, mechanical engineer, shop chiefs) are subordinate to the chairman of the board.

The Chief Accountant is responsible for the accounting of the business and financial activities of the company and control of the economical use of material, labor and financial resources. Organizes accounting of incoming cash, inventory and fixed assets, accounting of production and circulation costs, performance of works, as well as financial, settlement and credit operations.

The financial and economic activity of the enterprise is characterized as of 30.04.2018[12].

1. The property of the enterprise consists of fixed and current

assets: - Fixed assets - 31 802196

- Current assets–43 926623

2. The liabilities of the enterprise consist of own capital, long-term and short-term liabilities:

- own capital – 3 7306303

- long-term liabilities – 1 614406

- current liabilities – 5 005914

3. Sales revenue –19 768845

4. Cost of production –13 996781

5. Net profit –1 875013

6. Wage fund - 5 698 278

7. Average number of employees –2564

8. Average monthly wage - 2 328

The JSC "BEKTEMIR-SPIRT EKSPERIMENTAL ZAVODI"activities involve the use of both fixed and current assets. Current assets are objects of accounting that serve one production cycle, and their value is entirely transferred to the cost of finished goods. These kinds of assets are called material-production stocks (MPS). At the initial stage of activity of any organization after drawing up

[12] Financial statement of the company reported as of 30.04.2018 year on openinfo.uz

of the business plan, development process of stocks of raw materials and materials necessary for manufacturing of production are stored.

The following types of material-production stocks are exist in JSC “BEKTEMIR-SPIRT EKSPERIMENTAL ZAVODI”:

Raw materials and materials - this is part of the property used: to produce products, perform work, provide services intended for sale; for the needs of the management personnel of the organization. They are used as objects of labor in the production process, they are consumed entirely in each production cycle and completely transfer their value to the cost of production.

Finished goods - are a part of the organization's MPS intended for sale, which is the final result of the production process.

Goods - part of the company's MPS, acquired or received from other legal entities and individuals and intended for sale or resale without additional processing.

By ownership of the MPS are divided into belonging to the organization on the rights of ownership and not belonging to it.

Accounting of materials. Economic classification provides for the grouping of raw materials for the following types: materials, purchased semi-finished products, fuel, packaging and packaging materials, component parts, and other materials.

The result of consumption of the plant for production purposes is finished products. For the inclusion of MPS in the cost of finished products, it is necessary that their movement be formalized in accordance with the requirements of the law. The main normative documents regulating the accounting of the MPS are: the Law of the Republic of Uzbekistan“On Accounting”, the Civil Code of the Republic of Uzbekistan, the Tax Code of the Republic of Uzbekistan, the Regulations on Composition of expenses on production and implementation production(Works, Services) and on the order of formation of financial results №5405.02.1999[13] y.

[13] http://lex.uz/docs/265675

In the general accounting system, the accounting of MPS is important. Material costs are the main element of the cost of production (in some cases this figure reaches 70%).

In the new market conditions, the costs and revenues of the organization are closely interrelated. Without using the cost index of materials, the organization will not be able to control the level of costs for the execution and delivery of work, compare it with revenue and thereby influence the growth of its income.

Material production stocks are taken to be used at actual cost, which includes the amount of actual costs of the organization to purchase them. The list of these costs is defined in NAS №4"Accounting ofmaterial-production stocks". These include amounts paid to suppliers, fees for information and consulting services, customs duties, remuneration to intermediaries, shipping and storage costs, and so on. When manufacturing the product, the actual costs to the organization include all costs associated with their production. The actual cost of MPS, contributed as a contribution to the authorized capital, is determined by the agreement of the founders; received free of charge and remaining from the disposal of the fixed assets - at market value at the date of posting. Calculation of the actual production cost of each type of raw materials requires considerable labor and time, so in most cases current accounting is conducted at fixed discount prices - at average purchase prices, at a planned cost price, etc. Deviations from the actual cost price from the accounting price are taken into account on individual accounts.

Material-production stocks that do not belong to the organization but are in its use or disposal in accordance with the terms of the contract are accepted for accounting on off-balance accounts in the valuation provided for in the contract.

Material-production stocks enter the organization from the supplier's warehouse, from the transport organization or intermediary organizations on the basis of the supply contracts concluded with them, as well as from accountable persons for cash, from own production, from disassembly and dismantling of buildings and structures.

Based on the primary documents, a material accounting card for each type in which the movement of materials (arrival, disposal) is reflected. After each record of the receipt or shipment of valuables, a balance is displayed. Accountancychecks the reliability and timeliness of records in the cards. At the end of each month, based on the entries in the cards, a report on the movement of material values (MV) is drawn up, to which are attached all the primary documents accumulated over the month. Such a report is compiled in natural meters (that is, only in quantity), a monetary estimate is made in the accounting department. The report indicates the balance of the material values at the beginning of the month, the receipt and expense for the month, and displays the balance at the end of the month. The balances for each item number are entered in the balance sheet.

Material-production stock is released from the organization's warehouse for production consumption, economic needs, for processing, for the side, etc. When the material assets are released from the warehouse, limit-fence cards are used, invoices, invoices for the release of materials to the side, etc. They are issued in duplicate for one material name (nomenclature number). One copy is transferred to the consumer of materials, and the second remains in the warehouse. Goods are released by the warehouse upon presentation by the consumer of their copy of the document. The storekeeper notes in both copies the date and the number of materials released, then is written in the customer's document. The consumer, in turn, signs in the warehouse document.

The writing-off of materials is made out by the act on writing-off of materials which is made by specially created commission, with participation of the materially responsible person.

Determination of the actual cost of materials to be written off for production can be made by one of the following valuation methods:

- at the cost of a unit of stocks,
- at an average cost,
- at the cost of the first-time acquisitions (FIFO method).

Accounting for finished productsJSC “BEKTEMIR-SPIRT EKSPERIMENTAL ZAVODI”. Finished goods are delivered to the warehouse in the subordination to the materially responsible person. Large-size products and products that cannot be delivered to the warehouse for technical reasons are accepted by the customer's representative at the place of their manufacture. The receipt from the production of finished products is issued by waybills, specifications, acceptance certificates and other primary documents.

Quantitative accounting of finished products is usually carried out in a manner analogous to accounting for materials, i.e. in accounting cards, or with the help of electronic computers. Accounting for finished products in accounting is similar to accounting for materials.

Synthetic accounting of the availability and movement of finished products is maintained in Active Account 2810 “Finished Products” at the actual production cost. The release of finished products into the warehouse is made out by an accounting entry:

Debit – 2810-“Finished Products”

Credit–2010-“The main production”.

The finished goods shipped or presented to the buyers at selling prices (including VAT and excises) shall be recorded:

Debit - 4010-“Accounts receivables from purchasers and

customers” Credit- 9010-“Cost of production”.

Expensesare the cost of resources used for specific purposes.

The cost of production is the cost expressed in monetary terms for its production and sale. In a market economy, the cost of production is the most important indicator of the production and economic activities of enterprises. Cost management is a planned process of formation of costs for the production of all products and the cost of individual products, control over the reduction of prime cost, the identification of reserves for its reduction. A big role is given to accounting, which completely, continuously, interconnectedly reflects any business transactions, confirmed by documents, providing reliability, timeliness and summary accuracy of information.

In accordance with theLaw “On accounting”and Regulations On the Composition of expenses, the costs of the organization are recognized as a reduction in economic benefits as a result of asset retirement and (or) occurrence of liabilities, leading to a reduction in the capital of this organization, except for the reduction of contributions to the decision of property owners. According to this provision, expenses related to the implementation of capital and financial investments and non-production costs are not related to the expenses of the organization.

The account of money resources on the settlement account and in cash desk of the enterprise.

Cash settlements are carried out by organizations either in cash or in the form of non-cash payments. At present, non-cash forms of settlements are the main ones in the activities of organizations. Non-cash settlements between legal entities are carried out through commercial banks, their branches and the Central bank of Uzbekistan.

To make settlements, as well as to store money, organizations open settlement or other accounts in banking institutions. The procedure for opening an account is established by the Central bank of Uzbekistan.

Operations on the bank account are carried out on the basis of the contract of the bank account concluded by the legal person with the establishment of the bank. Bank services are chargeable, therefore, the contract specifies the amount of payment for bank services. These costs are expensed by the organization. At the same time, the bank, being the custodian of the organization's money, pays interest for using these funds. These payments are related to other income of the organization.

After registration of all documents, the bank makes a decision to open a settlement account of the organization, which is assigned a certain number, and a personal account is opened to account for the movement of its cash.

On the settlement account free funds of the organization and receipts for the realized production, the executed works and services, short-term and long-term loans, credits and loans, other enrollments are concentrated.

From the settlement account, almost all payments of the organization are made: payment to suppliers, payments to the budget and extra-budgetary funds, receipt of money to the cashier for payment of wages. All payments, as a rule, are carried out on the basis of the order of the organization - the owner of the settlement account or with his consent (acceptance). In some cases, the bank can forcibly write off money from a company's account according to documents of other organizations. The bank can debit the funds from the organization without its order to repay interest for the use of loans, for services rendered by the bank, for payment of accounts of energy supplying, heat supplying organizations.

2.2. Analyzing current assets` financing sources by related indicators

It is noted that the production activities of the company along with the basic means should be provided with the objects of labor in the form of resources, raw materials, materials, energy, fuel, etc. When moving along the chain of technological process of production of products (works, services), there are successive transformations of production stocks into in-process components, semi-finished products and finished products (works, services). Finished products (works, services) are realized and the cycle (circuit) ends with the receipt of funds to the firm's accounts. Part of these funds will be used to finance current production and a new production cycle will begin.

Thus, within the production cycle, there is a consistent change in the natural-material form of the resources used.

However, this does not mean that the beginning of a new production cycle must necessarily be preceded by the completion of the current turnover of funds. In practice, the process of production is continuous, at each moment of time something is bought, manufactured, sold and again acquired, and this circumstance is an indispensable condition for the continuity of the production process.

Thus, current assets consist of circulating production assets and circulation funds.

Current assets are part of the financial resources of the enterprise. The totality of monetary funds invested in circulating production assets and circulation funds is called circulating assets. Current assets are cash advances to circulating production assets and circulation funds.

According to Gorfinkel V.Ya., Volkov O.I., Sergeev I.V. and other authors, the most important indicators of the use of current assets in the enterprise are the turnover ratio of circulating assets and the duration of one turnover.

Coefficient of turnover of working capital (Cot) shows how many revolutions committed working capital for the analyzed period (quarter, half year, year). It is determined by the formula[14]:

Where, V_S - volume of sales of products for the reporting period;

AR_{ca} - the average residual of current assets for the reporting period.

Comparison of turnover ratios in dynamics over the years makes it possible to identify trends in the change in the efficiency of the use of current assets. If the number of turnovers made by working capital increases or stays stable, then the enterprise operates rhythmically and rationally uses monetary resources.

Decrease in the number of turns made in the period under review indicates a decline in the pace of the company's development and its unfavorable financial condition.

The duration of one turnover in days (D) shows, for what period of time, its working capital is returned to the enterprise in the form of proceeds from the sale of products. It is determined by the formula[15]:

[14] Kovalev, V.V. “Analysis of the economic activity of the enterprise”- Moscow, 2016, 216 p.
[15] Kovalev, V.V. “Analysis of the economic activity of the enterprise”- Moscow, 2016, 217 p.

Where, N_d – Number of days in the reporting period.

The shorter the turnover time of current assets or the longer the time of circulation they make with the same volume of products sold, the less is required for working capital and the sooner current assets circulate, the more effectively they are used.

An important indicator of the effective use of current assets is also the coefficient load of funds in circulation (Co_L). It characterizes the amount of circulating assets advanced by 1 soum of proceeds from the sale of products. The coefficient of load of funds in turnover is determined by the following formula[16]:

The lower the coefficient of funds, the more efficiently circulating assets are used at the enterprise, its financial position improves.

Due to the fact that current assets are composed of circulating funds and circulation funds, the turnover ratios for them can be determined as follows[17]:

Where, Co_{rf} - coefficient of turnover of revolving funds;

AR_{CF} - the average residual of circulating funds for the reporting period.

Turnover funds are composed of inventories, work in progress and future expenses. Therefore, for a more detailed analysis, you can determine the turnover ratio for each element of revolving funds.

For example, the production stock turnover ratio of inventories and receivables can be determined from expression[18]:

[16] Kovalev, V.V. "Analysis of the economic activity of the enterprise"- Moscow, 2016, 217 p.
[17] Kovalev, V.V. "Analysis of the economic activity of the enterprise"- Moscow, 2016, 218 p.
[18] Kovalev, V.V. "Analysis of the economic activity of the enterprise"- Moscow, 2016, 219 p.

Where, Ct_{ps}– Coefficient of production stock turnover;

AR_{pr} – Average residual of production reserves for the reporting period.

Where, Co_r – Coefficient of circulation receivables[19];

AR_r - Average residual of receivables for the reporting period.

Acceleration of current assetsturnover is important primarily to improve the financial condition of the enterprise, and ultimately to achieve maximum profit.

The basis for accelerating the turnover of working capital is the volume of production and the speed of its implementation. Between the sales volume and turnover of circulating assets there is a direct and inverse relationship.

The magnitude of the increase in output due to the acceleration of turnover of circulating assets (with other things being equal) can be determined using the method of chain substitutions[20]:

Where, I - the increase in output due to the acceleration of current asset turnover;

Co_t, Co_{t1} – turnover coefficient in the planned and accounting periods;

AR_{ca2} - the average residual of current assets in the planning period.

The effect of working capital turnover on the increment of profit can be determined by formula[21]:

Where, ΔP - the increase of profit in the planned period due to the acceleration of current assets turnover;

P1 - profit of the enterprise in the reporting period.

Acceleration of current assets turnover leads to their release.

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19 Kovalev, V.V. “Analysis of the economic activity of the enterprise”- Moscow, 2016, 219 p.

20 Kovalev, V.V. “Analysis of the economic activity of the enterprise”- Moscow, 2016, 219 p.

21 Kovalev, V.V. “Analysis of the economic activity of the enterprise”- Moscow, 2016, 219 p.

The effect of accelerating current assets turnover is expressed in the release, a reduction in the demand for them in connection with the improvement of their use.

Quick ratio is calculated by dividing liquid current assets by total current liabilities. Liquid current assets include cash, marketable securities and receivables. The following is the most common formula used to calculate quick ratio[22]:

h

Quick ratio is an indicator of most readily available current assets to pay off short-term obligations. It is particularly useful in assessing liquidity situation of companies in a crunch situation, i.e. when they find it difficult to sell inventories.

Current ratio is one of the most fundamental liquidity ratio. It measures the ability of a business to repay current liabilities with current assets. Current assets are assets that are expected to be converted to cash within normal operating cycle, or one year. Examples of current assets include cash and cash equivalents, marketable securities, short-term investments, accounts receivable, short-term portion of notes receivable, inventories and short-term prepayments. Current ratio is calculated using the following formula[23]:

A current ratio of 1 or more means that current assets are more than current liabilities and the company should not face any liquidity problem. A current ratio below 1 means that current liabilities are more than current assets, which may indicate liquidity problems. In general, higher current ratio is better.

Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It is an extreme liquidity ratio since only cash and cash equivalents are compared with the current liabilities. It measures the ability of a

[22] http://www.accountingexplained.com
[23] http://www.accountingexplained.com

business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

Cash ratio is calculated using the following formula[24]:

A cash ratio of 1.00 and above means that the business will be able to pay all its current liabilities in immediate short term. Therefore, creditors usually prefer high cash ratio. But businesses usually do not plan to keep their cash and cash equivalent at level with their current liabilities because they can use a portion of idle cash to generate profits.

In the sphere of circulation, current assets do not participate in the creation of a new product, but only ensure its delivery to the consumer. The excessive diversion of funds into the sphere of circulation is a negative phenomenon.

At the stage of circulation - the rational organization of collection of finished products; approximation of consumers of products to its manufacturers; improvement of the settlement system; increase in sales volumes due to fulfillment of orders for direct communications; production of products through the execution of orders for direct communications; manufacturing of products of their saved materials; careful and timely selection of shipped products by parties, assortment, transit standards, shipment in strict accordance with the concluded contracts; application of progressive forms of settlements; timely registration of documentation and acceleration of its movement; adherence to contractual and payment discipline.

Intra-productive reserves include opportunities to improve the use of material resources, directly related to the improvement of technology, technology and organization of the production process, mastering more advanced types and models of goods (works, services), increasing their quality.

[24] http://www.accountingexplained.com

Depending on the nature of the measures, the main areas for the implementation of savings in production reserves are divided into production, technical and organizational and economic ones.

The production and technical areas include activities related to the qualitative preparation of raw materials for its production consumption; improving the design of machinery, equipment and economic products; use of more economical types of raw materials, fuel; the introduction of new technology and progressive technology that ensure the maximum possible reduction of technological waste and the loss of material resources in the production process with the maximum possible use of secondary material resources.

The main direction of saving material resources in each firm is to increase the output of final products (works, services) from the same amount of raw materials and materials in the workplace. It depends on the technical equipment of production, the level of skills of personnel, the skillful organization of material and technical support, the number of rates of consumption and stocks of material resources.

Conclusion for the second chapter

To conclude condition of accounting current assets in JSC "BEKTEMIR-SPIRT EKSPERIMENTAL ZAVODI" are being conducted considering all function and objectives. Current assets share in the asset structure of joint-stock company constituted noticeably, because of company has large production capacity. In that point of view analysis of current assets financing sources require from company essential attention. Current assets are part of the financial resources of the enterprise. The totality of monetary funds invested in circulating production assets and circulation funds is called circulating assets. Current assets are cash advances to circulating production assets and circulation funds. According to economic scientists and other authors, the most important indicators of the use of current assets in the enterprise are the turnover ratio of circulating assets and the duration of one turnover

CHAPTER 3. THE WAYS OF IMPROVING CURRENT ASSETS` ACCOUNTING AND THEIR FINANCING SOURCES ANALYSIS

3.1. The theoretical and practical establishment of current assets` accounting according to foreign experience

The balance sheet is a report on the financial condition of the enterprise - its assets, liabilities and equity at a certain date. A distinctive feature of the balances of western companies is that in world practice they are used two of their types: horizontal and vertical. If the balance currency corresponds to net assets, then the form of the balance sheet is vertical, if the balance currency is total assets, the balance has a horizontal form.

International standards recognize all types of balances, but in accordance with IFRS 1, a minimum list of balance items is established: fixed assets, intangible assets, investments, material-production stocks, receivables, cash and cash equivalents, tax claims and liabilities, including deferred, short-term and long-term liabilities, capital and reserves, etc.

The specification of the balance sheet by articles depends on national standards and the initiative of the company, which reveals the features of its activities. Since the international financial reporting standards do not provide for standard reporting forms, the firm that makes up the balance sheet includes only really useful information in the form most convenient for users.

For developing countries, from the users' point of view, it seems more appropriate to balance the vertical view, so that users can immediately see the amount of net assets of the enterprise.

According to the rules adopted in Uzbekistan, the balance is drawn up according to the standard form №1 "Balance sheet", for Uzbek organizations, the balance can only be built horizontally. The need to create a universally applicable form of balance has led to the fact that the information in it is given in exceptional detail. However, this detail does not increase the analytic utility of the report, but simply overloads it with information.

In the standard form of the balance sheet of Uzbek enterprise, assets are sorted in order of increasing liquidity, and liabilities - in order of increasing urgency of demand.

On the whole, the balance sheet prepared in accordance with IFRS, is more convenient for perception and has a great analytical value, while the national balance for the purposes of the analysis should be subject to significant changes.

In addition, there are a number of differences in the disclosure of balance sheet items, which will be discussed below.

Comparing the national standards of forming balance sheet with international standards makes clear that the simplicity of international standards are under consideration. When we first look through balance sheet of international companies it is easy to find out how company doing business well and what level they financial stability and whether financial position of the company is in health condition. Also international standards are understandable by wide range of users, investors.

The enterprises that make up the balance sheet in accordance with international standards show assets with sorting in descending order of liquidity, liabilities - in descending order of urgency, and own capital - in the order of its permanence (the least affected by changes in the share of own capital). Such differences are explained by differences in the types of economy inherent in our country and foreign countries. The standard form of balance in Uzbekistan was created on the basis of the balance of the command economy characteristic, when the basis for the operation of the enterprise was the availability of fixed assets, and the current assets were given a secondary role. In a market economy, the liquidity problem is extremely important for the company, so the availability of working capital is of paramount importance. So, in order to integrate with world economy and attract foreign investor in Uzbekistan we have to provide them with clear and standardized information that make the analysis condition simple. In international accounting principles formation method of balance sheet is important because of use in the operative analysis of any enterprise.

As a result, the balance sheet of international companies is compiled in such a way that the user can at a glance compare the amount of working capital and the most urgent obligations.

Table 6

Comparison of the structure of the national and international balance sheet[25]

Balance sheet, forming in accordance with IFRS		Balance sheet, forming in accordance with NAS of Uzbekistan
Vertical forming	Horizontal forming	
NET ASSETS **Current assets** Cash and cash equivalents Short-term investments Receivables Inventories Prepaid current expenses Other current assets **Long-term assets** Property, plant and equipment Intangible assets Prepaid expenses of several periods Investments and funds Other long-term assets	**ASSETS** **Current assets** Cash and cash equivalents Short-term investments Receivables Inventories Prepaid current expenses Other current assets **Long-term assets** Property, plant and equipment Intangible assets Prepaid expenses of several periods Investments and funds Other long-term assets Total assets	**ASSETS** **Fixed assets** Property, plant and equipment Intangible assets Uncompleted construction Long-term investments Deferred tax assets Other non-current assets **Current assets** Inventories VAT on acquired assets Accounts receivable Accounts receivable are expected within 12 months after the reporting date) Short-term financial investments Cash assets Other current assets
CAPITAL AND LIABILITIES **Short-term liabilities** Accounts payable Short-term loans Current portion of loans including interest payments Total net current assets **Long-term liabilities** Loans including interest payments Deferred taxes Retirement obligations Total net assets **Financing of net assets** Issued capital Funds(reserves) Accumulated profit (losses) Minority share Total financing of net assets	**CAPITAL AND LIABILITIES** **Short-term liabilities** Accounts payable Short-term loans Current portion of loans including interest payments **Long-term liabilities** Loans including interest payments Deferred taxes Retirement obligations **Capital and reserves** Issued capital Funds (reserves) Accumulated profit (loss) Minority interest Total capital and liabilities	**LIABILITIES** **Short-term liabilities** Loans and loans Accounts payable Debt to participants (founders) for income payment Deferred income Reserves for future Other short-term liabilities **Long-term liabilities** Loans and loans Deferred tax liabilities Other long-term liabilities **Capital and reserves** Share capital Own treasury shares Additional capital Reserve capital Retained earnings (uncovered loss)

25 Compiled by the author using foreign and national literatures- Tashkent- 2018 y.

In international practice, assets are understood to be resources controlled by an enterprise that are the result of past events and the source of future economic benefits of the enterprise. This interpretation is different from the national one, when the assets of the enterprise, classified according to the composition for a certain date and making up the left side of the balance, are recognized as assets.

Working capital is the amount of long-term finance the business has to provide in order to keep current assets working for the business. Some short-term finance for current assets is provided by the suppliers who give credit by allowing time to pay, but that is not usually sufficient. Some short-term finance for current assets is provided by short-term bank loans but, in most cases, there still remains an excess of current assets over current liabilities.

The working capital cycle of a business is the sequence of transactions and events, involving current assets and current liabilities, through which the business makes a profit.

The following diagram illustrates shows how the working capital cycle begins when suppliers allow the business to obtain goods on credit terms, but do not insist on immediate payment. While they are waiting for payment they are called trade creditors. The amounts owing to suppliers as creditors are called trade payables in the balance sheet. The goods obtained by the business are used in production, held for resale or used in providing a service. While the goods acquired are held by the business they are called the inventories (stocks) of the business. Any products manufactured from these goods and held for resale are also part of the inventories (stocks) of the business. The resulting product or service is sold to customers who may pay immediately in cash, or may be allowed time to pay. If they are allowed time to pay they become debtors of the business. Debtors eventually pay and the business obtains cash. In the balance sheet the amount due from trade debtors is described as trade receivables. Cash is a general term used to cover money held in the bank, and money held in notes and coins on the business premises. Cash held in the bank will be in an account such as a current account which allows immediate access. Finally the cash may be used to pay the suppliers who, as creditors, have been waiting patiently for payment.

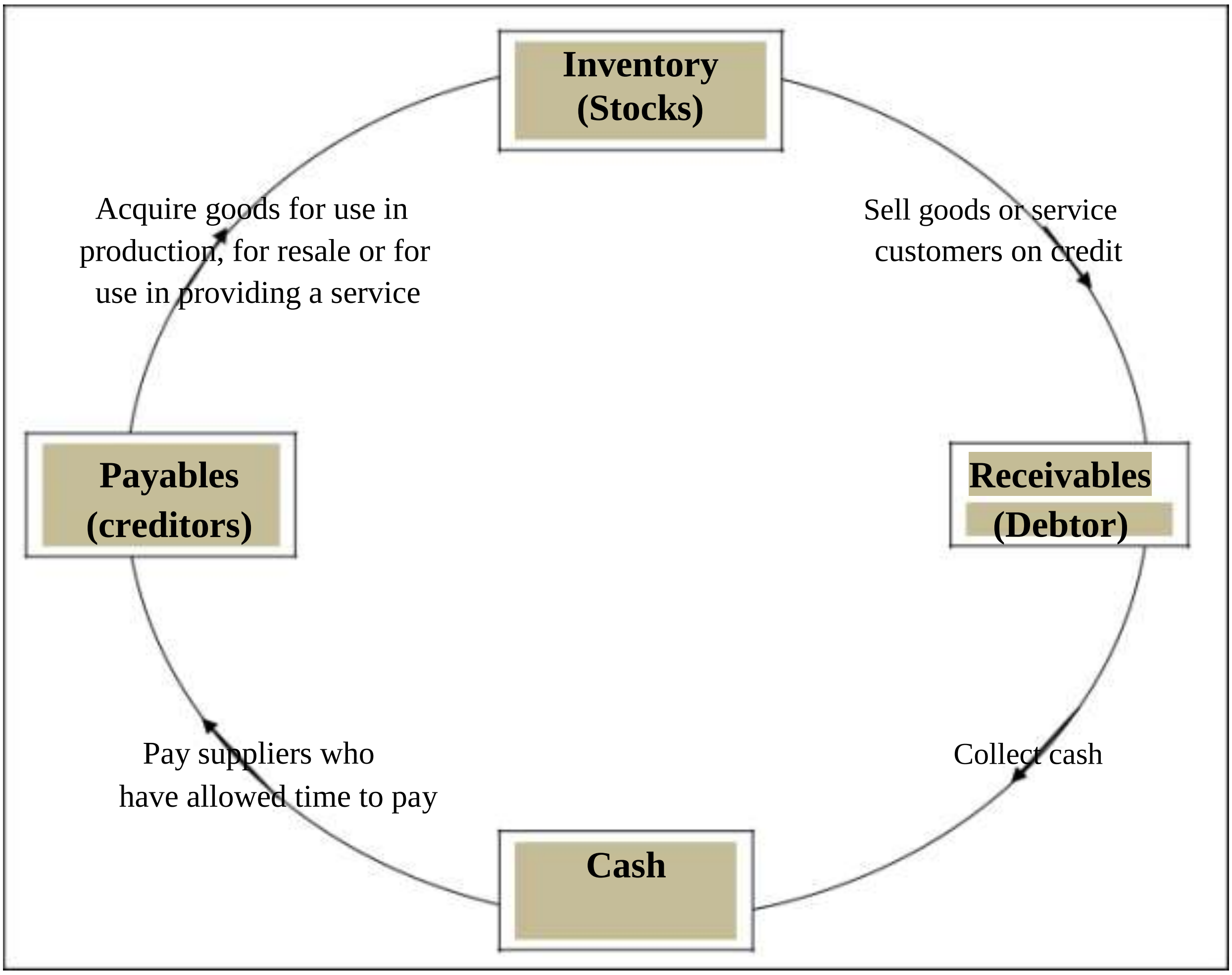

Figure 3.The working capital cycle for a manufacturing or service business[26]

Working capital is calculated as current assets minus current liabilities. If the working capital is low, then the business has a close match between current assets and current liabilities but may risk not being able to pay its liabilities as they fall due. Not all the current assets are instantly available in cash. There may be some delay in selling the inventories (stocks) of unsold goods. An impatient supplier or bank manager may cause difficulties if cash is not available when payment of a liability is due. On the other hand, if current assets are very much greater than current liabilities, then the business has a large amount of finance tied up in the current assets when perhaps thatfinance would be better employed in the

[26] Financial and Management Accounting 4th edition 2016- Person Education Limited.

acquisition of more fixed assets to expand the profit-making capacity of the operations.

There is no doubt that inventories (stocks), receivables (debtors), investments and cash are commonly recognized in a balance sheet but it is useful to be aware of the element of doubt which may be attached to the expectation of economic benefit which creates the asset and to the reliability of measurement. That awareness is essential to understanding the level of uncertainty which surrounds reported financial statements.

If a company is presenting its financial statements using the IASB's accounting system you will probably see the description 'inventories'. If the company is following UK company law and UK ASB standards then you will probably see the description 'stocks'. The remainder of this chapter explains the IASB's system for reporting inventories. The rules of UK law and standards are very similar. In business entities there are three main categories of inventories: raw materials, work-in-progress and finished goods. Consider these in reverse order.

The future economic benefit expected from finished goods is that they will be sold to customers for a price which exceeds the cost of purchase or manufacture. That makes a profit which increases the ownership interest. However, until the sale is agreed with the customer, this expected benefit is uncertain and the qualitative characteristic of prudence dictates that it is safer not to anticipate that the profit will arise. The value of the inventories of finished goods is therefore measured at the cost of purchase or manufacture. In most cases that is a reliable measure because it is based on recorded costs and is not anticipating an uncertain selling price. Sometimes there may be a disappointment where goods are manufactured and then it is found there is a lack of demand. Where there is strong doubt about the expected selling price, such that it might be less than the cost of purchase or manufacture, the inventories (stock) of finished goods are valued at the net realizable value. This is defined as the estimated proceeds from sale of the items in question, less all costs tobe incurred in marketing, selling and distributing these items. The accounting policy note of most companies confirms this prudent approach.

During the course of production the asset of finished goods is gradually being created. The expected future benefit of that activity is gradually building up as the work moves towards completion. A business could wait until the asset is totally finished, before recognizing the asset in the balance sheet. That would satisfy the qualitative characteristic of prudence, supported by the characteristic of reliability, but would run into problems with the characteristic of relevance. Where work-in-progress is a substantial aspect of the operations of the business, users need to know how much work-inprogress there is, whether it is increasing or decreasing, and what risks are attached. The risks attached to work-in-progress are often greater than those attached to finished goods because there is the risk of non-completion to add to all the risks faced when the goods are completed and awaiting sale. There is a reliable measurement, in the cost of work completed at the date of the balance sheet, but careful checking is required by the managers of the business to ensure that this is a reliable measure.

The approach to recognition is the same as that for finished goods. Raw materials are expected to create a benefit by being used in the manufacture of goods for sale. On grounds of prudence the profit is not anticipated and the raw materials are measured at the lower of cost and net realizable value.

Debtors are those persons who owe money to a business. Usually the largest amount shown under this heading relates to customers buying goods on credit. These are the trade receivables (trade debtors). Additionally, the business may have lent money to another enterprise to help that enterprise in its activities. There may be loans to employees to cover removal and relocation expenses or advances on salaries. The business may be due to receive a refund of overpaid tax. Trade receivables (debtors) meet the recognition conditions because there is an expectation of benefit when the customer pays. The profit on the sale of the goods is known because the customer has taken the goods or service and agreed the price. Trade receivables (debtors) are therefore measured at the selling price of the goods and the profit is recognized in the income statement (profit and loss account). There is a risk that the customer will not pay, but the view taken is that the risk of nonpayment should be seen quite separately from the risk of not making a profit on a sale. The risk of non-payment is dealt with by reducing the reported value of the asset using an estimate for doubtful debts.

Prepayments are amounts of expenses paid in advance. Insurance premiums, rent of buildings, lease charges on a vehicle, road fund licenses' for the delivery vans and lorries, are all examples of items which have to be paid for in advance. At the balance sheet date some part of the future benefit may remain. This is recognized as the prepayment.

Investments held as current assets are usually highly marketable and readily convertible into cash. The expectation of future economic benefit is therefore usually sufficient to meet the conditions of recognition. Measurement is more of a problem. There are two possible measures. One is the cost of the investment and the other is the market value. Recognizing the investment at cost is prudent and reliable, but not as relevant as the current market value which is the amount of cash that could be released by sale of the investment. There is no agreed answer to this problem at the present time, although the issue has been debated in the standard-setting context. Most businessesreport current asset investments at cost but a smaller number use the market value. Using the market value is called marking to market. It is a departure from the normal practice of recording assets at original cost but is justified in terms of the requirement of company law that financial statements should show a true and fair view. It is seen in companies whose business involves dealing in investments.

Recognizing cash is no problem either in the expectation of benefit or in the measurement of the asset. The amount is known either by counting cash in hand or by looking at a statement from the bank which is holding the business bank account. The expectation of benefit lies in making use of the cash in future to buy fixed assets or to contribute to the working capital cycle so that the business earns a profit. In themeantime, cash which is surplus to immediate requirements should be deposited in such a way that it is earning interest. Where a company has substantial cash balances there should be indications in the income statement (profit and loss account) that investment income has been earned, to provide a benefit to the business.

The vast majority of publicly traded corporations report their most liquid assets in the cash and cash equivalents category.Cash includes money on hand in change funds, petty cash funds (see Business in Practice—Petty Cash Funds), undeposited receipts (including currency, checks, money orders, and bank drafts), and any funds immediately available to the firm in its bank accounts ("demand deposits" such as checking and savings accounts).Cash equivalents are short-term investments readily convertible into cash with a minimal risk of price change due to interest rate movements.

Many transactions either directly or indirectly affect the receipt or payment of cash. For instance, a sale of merchandise on account normally leads to a cash receipt when the account receivable is collected. Likewise, a purchase of inventory on account results in a cash payment when the account payable is paid. In fact, cash (in one form or another) is eventually involved in the settlement of virtually all business affairs. As a result of the high volume of cash transactions and the ease with which money can be exchanged, it is appropriate to design special controls to help safeguard cash should be made from the entity's bank account using pre-numbered checks. Using this simple control system, a duplicate record of each cash transaction is automatically maintained—one by the entity and the other by the bank.

To determine the amount of cash available in the bank, it is appropriate that the cash account balance as shown in the general ledger (or your checkbook) be reconciled with the balance reported by the bank. The bank reconciliation process, which you do (or should do) for your own checking account, involves bringing into agreement the account balance reported by the bank on the bank statement with the account balance in the ledger.

3.2 Foreign experience for establishment of current assets` financing sources

Sources of current assets formation are own (internal sources), borrowed and attracted financial resources (external sources of financing).

Own sources: statutory, additional and reserve capital, reserve funds, retained earnings, accumulation funds and social funds, targeted financing and budget revenues, from sector to inter branch extra-budgetary funds.

Borrowing sources: long-term and short-term loans of banks, commercial loans, investment tax credit, investment contribution of employees.

Attracted sources: accounts payable (suppliers and contractors, labor remuneration, insurance, budget, other creditors), consumption funds, reserves of future expenses and payments, provisions for bad debts, other short-term liabilities, charitable and other receipts.

In order to reduce the need for working capital and increase the efficiency of their use, with insufficient (no) profits or delay payments from customers, the enterprise can use external sources - long-term and short-term loans, loans, funds from securities issue, accounts payable.

The main directions of attracting loans for the financing current assets: the crediting of seasonal stocks of raw materials, materials and costs associated with the seasonality of the production process; temporary replenishment of the shortage of own current assets;

Turnover of current assets is provided through a short-term loan. Historically, credit institutions issued short-term loans to enterprises with a view to temporarily replenishing their working capital. Until the end of the Second World War, self-liquidating loans used for the purchase of inventory and finished goods intended for sale were the main form of lending to firms. Lending began directly at the time of the need for cash for the purchase of inventory. Loans were repaid to the accounts of enterprises in cash within 60-90 days after the beginning of lending. With their terms, these loans resemble today's overdraft lending.

Currently, in foreign countries, among the total volume of loans to enterprises, short-term loans account for more than 50%. Loans for working capital are mainly secured by pledge of inventory and receivables.

Among short-term loans, one can identify the most common payment and settlement loans, differing from each other purpose, the object of lending and the type of borrower (buyer or seller).

When receiving payment loans, the buyer enterprise uses credit resources to pay for purchased material resources, pay off the debit balance by offsetting mutual claims, and pay wages. Settlement loans are given to the supplier enterprise to cover the needs related to the diversion of funds into non-cash settlements.

The most common method, corresponding to the nature of the circulation of funds, is lending on the turnover of material values, when the loan is consistently participating at all stages of the circulation of resources in economic organizations.

Another method of lending is lending for the balance of material values, when the loan is issued for values that are at some stage of the circulation.

Depending on the relationship between different types of sources on formation of current assets of enterprises, the structure of working capital is changing. So, in the case of a sufficient number of own funds, including profits, enterprises can use them to replenish working capital. In this case, own working capital will be mainly in the most liquid form (cash, securities), which will ensure a more stable financial position of the enterprise.

If the enterprise extensively uses bank loans as a source of financing of current assets, it also improves the structure of the current assets and the financial position of the business entity (in the event that the interest rates are lower than the profitability of the total capital of enterprises).

Sources of inventory financing include own circulating assets, short-term bank loans and loans, settlements with creditors for commodity transactions. The ratio of the values of indicators of inventories, own working capital and sources of stock formation determines the type of financial stability of the economic entity.

1. Absolute financial stability means that the enterprise for some reason does not use borrowed and raised funds for the development of production, which is rather a negative characteristic.

2. Normal financial stability, if the enterprise uses to cover the reserves of all types of sources of funds. To assess the real financial stability of enterprises, it is necessary to study the structure and dynamics of sources of stock formation. In practice, for example, there are situations when an enterprise has a normal financial stability, which is mainly due to a high proportion of accounts payable among sources of stock formation. In this case, it is difficult to talk about the normal financial stability of an enterprise in the actual meaning of this concept.

3. Unsustainable financial position when an enterprise uses additional sources that are not justified for the formation of inventories.

4. Critical financial position when the enterprise has overdue loans, loans and accounts payable.

At foreign enterprises a certain system of settlements has been formed, characterized by the fact that payment for products by regular customers is usually carried out by credit on conditions that depend on a number of factors. In addition, in the economically developed countries, the "2/10 full 30" calculation scheme has become widespread. The latter means that the buyer receives a 2% discount when paying for the goods within ten days from the beginning of the moment of crediting (receiving the goods) and pays the full cost of the product if payment is made from the eleventh to the 30th day of the loan agreement. In case of violation of contractual obligations, the buyer is subject to penalty depending on the moment of payment.

In the world practice, when analyzing receivables, it is compared with accounts payable. An important point is also the analysis of the created reserves for bad debts. Uzbek companies have not yet accumulated sufficient experience in calculating the reserve, so we can take advantage of foreign experience. In developed countries, the reserve is charged in percentage in relation to the total amount of accounts receivable when reporting. For example, the US companyUS

Steel charges a reserve of 0.78%, the corporation Eastmen Kodak and General Electric - from 3 to 6%. A study by the US Department of Commerce of the debts of enterprises showed that the share of bad debts increases in direct proportion to the length of the period during which the debtor undertakes to pay off its debts. 4% in the total amount of accounts receivable for a period of up to 30 days, for 31-69 days - 10%, for 61-90 days - 17%, for 91-120 days - 26%, and with further increase in maturity for next 30 days the share of bad debts increases by 3-4%.

In general, to reduce accounts receivable, an enterprise can develop various types of contracts with flexible terms of payment (full or partial prepayment, transfer for sale, bank guarantee) and prices (discount system) for products:

- improving cash management, which is based primarily on regulating the size of its own working capital and current financial needs;
- use of short-term bank credit, factoring, forfeiting, commercial credit, loans, accounting of bills.

In the practice of foreign countries, enterprises use short-term financial resources to finance part of the current assets. First of all, they include commercial and bank loans, as well as deferred payments (to the budget and wages to employees).

Commercial loans are most often used by small and rapidly developing enterprises. Short-term bank loans are most suitable for financing seasonal or cyclical needs, giving enterprises greater flexibility. The disadvantages of the latter are a high risk of liquidity loss, because it is necessary to pay off the obligations in a short time, and the possibility of changing interest rates. In economically developed countries it is considered dangerous if the share of short-term credit in the balance sheet of the enterprise exceeds 30%.

Bank loans include accounting for commercial bills, credit for commercial debt, factoring, and money loans.For example, operations for the accounting of bills are in great demand in France. The loan for commercial bills, because of the lack of guarantees for bankers, has not received wide circulation.

A feature of economically developed countries is the widespread use of factoring and forfeiting operations.

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A feature of developed countries is the widespread use of *factoring and forfeiting* operations.

Factoring companies in economically developed countries are usually created in the form of subsidiaries of large banks. This is due to the fact that factoring operations require significant financial resources, which factoring companies receive on concessional lending terms from "parent" banks (own funds of such companies account for no more than 30% of total capital). For their services, factoring companies usually receive 0.75 - 3% of the transaction value. The percentage of a factoring loan is usually 1 -2 points higher than the discount rate.

As the short-term bank loan is the traditional and the most widespread source of replenishment of current assets in abroad, the foreign experience of assessing the creditworthiness of borrowers is interesting and necessary for Uzbek banks.

In the world practice, there are many methods for analyzing the borrower's creditworthiness. For example, American banks to analyze the reliability of the client in terms of timely repayment of the debt to the bank apply the "six-si rule". In this case, the client is evaluated according to six criteria, indicated by words beginning with the letter "si".

1. Character (the nature of the borrower).

The nature of the borrower is assessed in terms of his reputation, responsibility, desire to repay the debt to the bank.

2. Capacity.

Financial capacity means the client's ability to repay a loan and interest on it. This ability is determined by credit officers on the basis of an analysis of the enterprise's financial records in a dynamic.

Financial statements, data on profit and loss, are analyzed by credit officers in terms of the customer's real need for cash and financial prospects of the enterprise.

The bank analyzes the accounts payable, fixed assets of the enterprise, but the main attention in the analysis of the client's balance is paid to the change in the volume of accounts receivable and inventories. The loan officer determines the main features of the state of the receivables: its differentiation by buyers, structure, what is the reason for the change in the receivables (the dynamics of sales volumes, the quality of the client's customers or the conditions of lending). With respect to reserves, the bank notes their composition, the ability to use stocks as collateral. In general, the quality of assets is estimated by the bank after an analysis of the corresponding coefficients.

3. Capital (capital, property).

When analyzing the capital of an enterprise, the bank studies its volume, structure, and dynamics of change.

4. Collateral.

The main requirements for security are its quality, sufficiency, feasibility.

5. Conditions.

The main economic conditions affecting the financial position of the bank, the client and the ability of the latter to repay the loan are the state of the economic conjuncture, the possibility of changing tax legislation, the dynamics of prices in the market,

6. Control.

The control is reduced to obtaining answers to such questions as the compliance of the loan application with banking standards, the requirements of the regulatory bodies regarding the quality of the loan.

Conclusion for the third chapter

To conclude it can be said that in terms of accounting current assets which being prepared by foreign countries according to IFRS is more simple and informative for users, because when you try to analysis balance sheet it can be seen that the most liquid assets of the organization comes first. In addition to that using specific accounts for each asset types makes accounting more difficult and increase the number of misstatement. And if we make final determination about foreign experience of financing current assets it is clear that commercial and bank credit is the most frequently used source of financing needs (in particular, such varieties as accounting of bills and factoring). Unfortunately, the Uzbekistan conditions do not allow at present to fully use these short-term financing forms. In our opinion, it is advisable for Uzbek companies to apply a wider set of financial ratios, focusing on the foreign practice of analyzing the creditworthiness of potential borrowers. This will provide an opportunity to reduce credit risks and increase the stability of the domestic banking system as well.

According to world experience, the specific weight of borrowed funds, including those formed with the help of the forms of short-term financing discussed above, is quite high in the firms' balances, which indicates the desire of enterprises to maximize profits to attract investors. In general, when forming current assets at the expense of certain sources, foreign enterprises are mainly oriented toward the level of debt servicing costs.

CONCLUSION AND SUGGESTIONS

Especially in the context of competitive global financial conditions, when many enterprises are experiencing difficulties in fulfilling their obligations. Therefore, the system of accounting and analysis of current assets, along with planning, rationing and taking into account, includes a regular analysis of their composition, dynamics, compliance with the needs of current production and economic activities.

Effective accounting of current assets plays an important role in ensuring the normal operation of the enterprise, increasing the level of profitability of production and depends on many factors. In modern conditions, a significant negative impact on the change in the efficiency of management of current assets and the slowing of their turnover are factors of the crisis state of the economy.

When studying the term current assets according to the definitions of scientists and the regulatory framework that best reflects this concept, it was chosen that "Current assets are assets that can be converted into cash in one production cycle or one year".

The main objectives of accounting for current assets, which are:

1) timely and correct documentation of current assets accounts transactions;

2) control over correct and timely stock countingof current assets in the organization;

3) control over compliance with the circulation period and speed of the current assets of the organization;

4) timely reconciliation of settlements with debtors and creditors to eliminate overdue debts;

The success of solving such problems directly influences the financial condition of the enterprise and the providing profitability of the business performance of the organization;

In the example of JSC “BEKTEMIR-SPIRT EKSPERIMENTAL ZAVODI” the accounting of business operations on current asset includedaccount with suppliers and contractors as external contractors and employees of the enterprise as internal creditors in correspondence with the accounts of cash is considered.

To further improvement ofcurrent assets accounting and their financing sources analysis as an outcome of researching this field it can be suggested following recommendations:

1. It would be better if chart of accounts especially used in reflecting current assets simplify and unify based on international standards so as to make clear it for foreign users;

2. It is put forward to adopt proper internal regulation to control movement of current assets in the organizations;

3. It is advised to conduct current asset management procedure in the organization;

4. Constantly monitor the current ratio and liquidity ratios, as the significant importance of current asset components a threat to financial instability of the enterprise;

5. Daily analyzing current assets structure and circulation with the help of indicators in order to get numerical evidence which gives a chance to compare the same data periodically;

6. Systematically revising the inventory (material-production stocks) turnover and days so as to using effectively from inventory which measures how fast a company sells inventory and analysts compare it to industry averages. Low turnover implies weak sales and, excess inventory.

7. Paying attention to accounts receivables and their days because of its liquidity ratio and it can be object to decrease asset of the company so as to admitting as doubtful debts.

8. To improve the account of calculations with suppliers and contractors - to automate the analytical account of what can be organized using the tiered system of accounts of the various orders.

In this paper, we consider the accounting of current assets and their effective financing sources analysis. Correct decisions on the proportions of capital investment in current assets, taken before the beginning of the operating activities of the enterprise. On how the circulating production assets are used, the value of the enterprise's profit depends, and hence its further development. Current assets are involved in the production process and is one of the main management issues in the enterprise. It is common knowledge that, for the normal functioning of each business entity, circulating assets are primarily money resources used by the enterprise for the acquisition of circulation funds. Rational and economical use of revolving funds is the primary task of the enterprise.

The ratio of sources of financing of current assets has a decisive influence on the change in the amount of net working capital. If short-term liabilities are stable (constant), then current assets grow at the expense of own sources and long-term borrowed funds, which leads to growth and net working capital. At the same time there is an increase in the financial stability of the organization and the cost of equity, but the effect of the financial lever is diminishing and the strength of the operating leverage is growing.

At the stage of circulation - the rational organization of collection of finished products; approximation of consumers of products to its manufacturers; improvement of the settlement system; increase in sales volumes due to fulfillment of orders for direct communications; production of products through the execution of orders for direct communications; manufacturing of products of their saved materials; careful and timely selection of shipped products by parties, assortment, transit standards, shipment in strict accordance with the concluded contracts; application of progressive forms of settlements; timely registration of documentation and acceleration of its movement; adherence to contractual and payment discipline.

The above-mentioned features of the accounting current assets and their financing sources analysis should be taken into account in the process of their management.

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