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**Direction 5340900 "Accounting and audit"**

# **FINAL QUALIFICATION WORK**

**Organize accounting of bank credits in small business subjects and ways of  
developing**

(For example LTD "Garant Alyans Dolina ")

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## INTRODUCTION

**"Today in development of small business and private entrepreneurship without being limited to trade, workmanship, We first of all we pay special attention to the private sector development, making an industrial output on the basis of modern technologies and the equipment, quickly adaptive to an environment in the internal and external markets"<sup>1</sup>**

I.A. Karimov

President of the Republic of Uzbekistan

**Relevance of the work.** Due to the transition of our country to a market management system it is changed and sharply the role of the credits increased. At this stage the increasing part is assigned to the credit which is capable to resolve a problem of non-payments and shortage of current assets at the entities, to prepare resources for increasing produce. However, in the developed unstable situation it is important not only the fact of crediting, but also that, the credit, timely and its correct accounting are how exactly arranged.

Small business and private entrepreneurship is a sphere of application of work and a source of the income of considerable part of the population. It is the most flexible part of the labor market needing bulk of manpower of low qualification and with insufficient experience, wishing to have the flexible working day. Often only socially vulnerable segments of the population here can find work: women, the young people who for the first time are looking for work, having the low education level and labor experience.

Small enterprises enter the chief conductors of innovations conditions and a population conduct of life. They possess the greatest flexibility and adaptability to market requirements. For the purpose of achievement of economic growth in the firm, the entrepreneur tries to use as much as possible new achievements of science

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<sup>1</sup> From the session's report of the Cabinet of Ministers of the Republic of Uzbekistan, devoted to the results of social-economic development of the country in 2012 and main priorities of economic program for 2012, held on 18 January, 2012.

and technology as most important factor of performance improvement of work. It finally leads to ensuring sustained economic growth and life improvement of quality in the country. Small business serves as potentially effective remedy of development of business and entrepreneurial skills at the population, increase of degree of his adaptability to the market relations, allowing citizens to become owners not only the labor power, but also property including production appointment, it creates base for forming of middle class – the social group, capable to provide progressive development of the society interested in democracy and social stability.

Small business is an important factor of growth of national welfare as it is the main source of the income not only considerable part of the people occupied in its sphere, but also members of their families. High potential of small entrepreneurship allows paying a close attention to its development in the countries where the social economy is created.

Now the credits of banks provide economic activity of the entities, helps their development of a growth in volumes of production, works and services. The credit acts as a support of the modern economy, an indivisible element of economic development. It uses both large enterprises and associations and small production, agricultural and trade structures, as the states, the governments, and from efficient citizens. The creditors owning free resources, only thanks to their transfer to the borrower have opportunity to receive from him additional money. The loan granted in a cash form, represents new means of payment. Thanks to the credit time for requirements satisfaction, both economic, and personal needs is reduced. The entity borrower of additional value has opportunity to increase the resources, to expand economy, to accelerate achievement of production requirements.

Citizens who having used the credit have double chance: to apply capabilities and the received additional resources to them expansions of the case or to accelerate achievement of the consumer purposes, to receive such things, subjects and values in the order which they could own only in the future.

Value of the credits of bank as additional source of financing of a business activity is especially shown at a stage of formation of the entity which uses credit resources in case of implementation of the long-term investments directed on creation of new property (in case of capital investments). At this stage long-term loans of banks have huge value. Short-term loans help the entity to support constantly necessary level of current assets, help acceleration of turnover of enterprise assets. The role of the credit which is capable to resolve a problem of non-payments and shortage of current assets at the entities is important, to prepare resources for production lifting. However, in the developed unstable situation it is important not only the fact of crediting, but also that, the credit, timely and its correct accounting is how exactly arranged.

The role of the correct credit accounting increased in these conditions accounts departments of the entities. The knowledge depends on correctness and reliability of credit accounting a management of the entity of their amounts of their structure, allows making the correct decisions on change of these characteristics, allows analyzing profitability of the received means, etc.

The correct accounting will allow choosing further the type of obtaining of additional money most convenient and profitable to the entity. The special importance of course research determined the purpose which consists in justification of specific recommendations about enhancement of the organization of accounting.

Consistent with these purposes **the following tasks** have been put:

1. Research the theoretical aspects of the crediting and accounting;
2. Characterize importance, significance and role of credit accounting and credit expenditures in the modern conditions of accounting;
3. Reveal the problems and contradictions in the accounting of crediting small business;

4. To analyze particular small business's legal documents of crediting, synthetic and analytical accounting, and definition of financial results on disposal of accounting crediting;
5. Study the sources of information and methodological principles of credit accounting and credit expenses in the small business organizations;
6. To give practical proposals on increasing of modernization of economy.

As **The object of the research** is "Grant Alyans Dolina" LTD served. This entity is engaged in the following activities:

- Accounting service;
- Create accounting according to NAS;
- Changing old accounting system to new according to NAS;
- Prepare and advice tax and statistic reporting annual and quarter.
- Changing accounting using program 1C: Enterprise and other activities that not limited in legislative system of Uzbekistan.

**The subject of the graduate work** is the accounting system's issues related to the credit accounting and percent expenses of small business organizations.

**The theoretical base** persisting work, are general scientific methods of studying: dialectical, comparative, grouping. The Complex nature of the work is founded on acting legislation, under legislative normative acts.

**Theoretical and methodological basis of the work** is the theory of the world and national accounting system, international and national standards of accounting, as well as, the works of national and foreign scholars, and articles of the international scientific conferences.

**The content of the graduate work** is focused on studying of accounting of credit and percent expenses in the conditions of market economy and also on exposing the problems. At the same time the work has been developed so that you can get as complete knowledge as possible of the principles and practice of them.

**Structural composition of the work.** The work consists of the introduction, three chapters, the conclusion, the used literature and appendices. The first chapter - “**Basic functions of small business and necessity of its crediting**” consists of the theoretical aspects which can explain the economic entity and essence, function and features of small business, the definition of credits.

The second chapter - “**Organizing and accounting of credit in small business subjects**” - all points of this part are related to analyze and accounting credit in accounting system of organization.

In the third chapter - “**Recommendations to improve credit accounting of the organization**” - the main idea of each paragraph in this part is to expose the problems and their decision in credit accounting of organizations and give some suggestions about solving them and using modern programs like "1: Enterprise" 8.3 in accounting of organizations.

# CHAPTER 1. BASIC FUNCTIONS OF SMALL BUSINESS AND NECESSITY OF ITS CREDITING

## 1.1. The economic essence of small business.

The directions of the economic analysis of essence small entrepreneurship are determined by two circumstances:

- First, it objectively exists and develops as economy sector (national, regional, local scales);
- Secondly, it is special type of business activity.

Approach to small entrepreneurship as to sector of economy is based on identification of unity of two parties of a social producing:

### **Organizational – technical**

### **Social -economic**

The first side shows the productive forces, that is, a set of material and the material elements of production, labor and forms of organization of production. The second side shows the relations of production (forming a social form of production).

Thus the last as it was noted in literature, "reflect (according to the developed levels of cooperation and job specialization) methods and system concentration, centralization and production specialization". The dimensional structure of an industry (economy) by determination assumes coexistence the entity of various sizes, including small, forming the relevant dimensional group. This set the production units of small scale characterizes the concept "small-scale production". Public form of a small production unit in the conditions of market economy becomes small enterprise, the main which economic lines are:

- 1) Isolation (that is managing at own risk);
- 2) Specialization on any type of activity;

3) Implementation of realize goods (services) through purchase and sale in the market.

Therefore, the speech goes about a small enterprise product, determination of the social and economic aspect of small entrepreneurship is supplemented that it (small enterprise) can be based on:

**Firstly**, as shows world experiment, small business, being the most important structure-forming sector of economy, is the main source of filling of the domestic market necessary goods and services. Small business not only fills certain niches in economy, but also plays an extremely important role in its diversification and ensuring steady rates of its development.

It is difficult to estimate, especially under our conditions, that huge role which plays entrepreneurial business in employment of the population and growth of the income of people. It is possible to judge it if to take the following figures into account. If for 2005-2011 in economy of our country it has been more than 5 million new workplaces, more than 60 percent from them - in the sphere of small business and private entrepreneurship were entered. These indicators already speak about much and, in my opinion, they are quite convincing for any country. As a result in this sphere over 75 percent of all occupied population of the country work now.<sup>2</sup>

**Secondly**, except being compact in the form, possessing mobility and efficiency in decision making, being susceptible to innovations, small business more flexibly also can quicker adapt to the changes in demand, environments in the world and regional markets, timely reacts to its challenges.

**Thirdly**, creation and conducting small business doesn't require big costs and capital investments that allows quicker and to carry out easier upgrade, technical

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<sup>2</sup> From the session's report of the Cabinet of Ministers of the Republic of Uzbekistan, devoted to the results of social-economic development of the country in 2013 and main priorities of economic program for 2014, held on 18 January, 2014.

and technological rearmament of production, to master new types of products, constantly to update its nomenclature and to provide competitiveness.

**Fourthly**, the more stability of this sector than compared with large enterprises to the challenges and consequences of the global financial and economic crisis. A small enterprise is an "identity" of small business. It should be mentioned that in these days it is a special sector, formed by a collection of small businesses and therefore are specific social form of small-scale production in market conditions.

Thus, small-scale production as special dimensional way characterizes a production organizational technical aspect (the plane of productive forces), and the small entrepreneurship belongs to its social and economic party and in this specific sense matches the concept "small business".

The small business as type of business activity most fully reveals through the characteristic of his subject that is the entrepreneur. The entrepreneur is the subjective (personal) factor of reproduction capable on an initiative and innovative basis, without being afraid of the complete economic responsibility, to take the risk and special, rational image to connect other production factors so that in the long term there was an additional income<sup>3</sup>.

The above mentioned characteristics can be attributed to small businesses. However a quantitative factors relatively small scale generates high-quality features of small entrepreneurship. It is obvious that risk-taking, instability of small enterprise owing to limitation of resources is much higher, than at averages and large entrepreneurial structures. The same can be told about flexibility, a susceptibility to innovations. One of the reasons here is to absence of bulky managerial systems in the sphere of small entrepreneurship. In case of commercial success small firms gain rather higher income (naturally, in comparison with initial investments which at them are, as a rule, insignificant).

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<sup>3</sup> Karimov I.A. "The global financial-economic crisis, ways and measures to overcome it in the conditions of Uzbekistan" Uzbekistan. T: 2009.

Essential features of small business characterized above illustrate its core. The logic of the further analysis of small business assumes a formulation of system of criteria on the basis of which the assessment and classification of economic subjects regarding their belonging to this sector of economy is made. About it in domestic literature discussion is conducted, however is clear that steady, characteristic features of typical small enterprise act as such signs. Systematization of these criteria requires a certain basis, and that can act structure internal and environment of small enterprise. The structure of the internal environment of small enterprise can be considered as set of spheres of activity of small enterprise, each of which is characterized special by object (objects) of activities, technology, the relations, etc. These areas can be divided into three groups. The first is provided by production process stages: supply, actually producing, sale. The second includes phases of a managerial cycle: planning, operational management (organization, coordination, motivation), control (financial accounting and reporting, analysis, actually control). The uniting factor providing integrity of a management system with small enterprise, the management personified as a rule in the entrepreneur owner is.

The head is urged to unite all spheres of activity of the entity in a whole, and also to provide its development and enhancement. The third group unites components of small enterprise: personnel, social relations, innovations, finance, legal relations, etc. Environment of small enterprise is a set of elements (the markets, market institutes, processes, partners, etc.), directly influencing formation and functioning of small entrepreneurship. Such elements are characterized by a number of the signs (parameters) which specific conditions represent environment factors. For example, the legislation as an element can be characterized by the following signs:

- Stability;
- Completeness;
- Effectiveness, etc.

We will tell a specific condition of the legislation, its instability, imperfection, inefficiency, negative factor of environment small to the entities. Various elements of environment can be subdivided into **four groups**:

**The first** group covers set of the key markets for small business: resource (means of production, information, labor power, financial resources) and sales.

**The second** group of elements of environment is provided by the major (from the point of view of small enterprise) market institutes and partners.

The third group includes complexes (blocks) of the public relations: legal, sociocultural and political expressed respectively in the legislation, traditions and regulations of morals, arrangement of political forces.

**The fourth** group unites other social and economic processes relating to small entrepreneurship and the phenomena: economic environment, crime, ecology, scientific and technical progress, structure of a national economy, etc.

According to structure internal and environment of small business it can be formed several groups of its criteria (stable features) due to:

- Nature of producing process;
- Specifics of a management system and management;
- Status of the individual components (human resources, finance, etc.);
- Features of external impacts.

First group of characteristic features of small enterprise is as follows:

- Limitation of scales of applied means of production and engineering procedures;
- The small nomenclature of issued products, that is narrow specialization;
- Easy marketing system.

The second group of criteria of small business includes:

- 1) Unity of the property right and direct enterprise management;

- 2) Special values of a role business activity its immediate inclusion in almost all functional areas;
- 3) Compactness of management team and multi - functionality of managers;
- 4) Absence of bulky managerial structures, simplicity of information communications, informal nature of planning and control;
- 5) Speed of decision making.

As a part of the third group of signs are allocated:

- 1) Special character of relations between the owner and the employee, due to the fact that the owner is the direct supervisor of all employees of small businesses;
- 2) Flexibility, receptivity to innovation;
- 3) Small scale use of financial resources;
- 4) Low capitalization, meaning that the owners allowed the expansion of fixed capital only a small portion of the proceeds;
- 5) High turnover of capital;
- 6) Essential influence on personnel policy, adoption of strategic decisions, choice of legal forms and on other parameters of economic activity of family and related relations that is caused by inheritance right.

The fourth group is formed by the following steady characteristics of small enterprise:

- 1) Locality of the resource and sales markets;
- 2) Informality of relations with a narrow circle of suppliers and consumers;
- 3) Provision "conducted" in system of cooperation communications with large and medium scale enterprises;
- 4) Sensitivity to fluctuations of an economic environment, a political situation, the legislation changes, caused low barriers of occurrence into business, and consequently, and an exit from it;

5) Limitation of sources of financing and chronic shortage of the equities (if "giants" scoop necessary resources mainly through stock exchanges, small enterprises rely on limited credits of banks, own savings, money of friends, acquaintances and relatives);

6) Big degree of independence on system of support of small entrepreneurship.

Value of above mentioned characteristics will be analyzed in the third part one of head by consideration of a question of feasibility allocation of work on crediting of small enterprises in bank in a separate component of activities of credit department (or investment department).

Need of determination of criteria of reference of accounting entities to subjects of small entrepreneurship faces and the state. As it was already told, small enterprises have important social and economic value, at the same time this sector owing to conditions of managing objectively less favorable in comparison with major companies is characterized by instability, so, needs the state support. The sizes of the entities depend on specifics of industries, their technological features, on action of effect of scale. There are the industries connected with a high capital intensity and considerable production volumes, and industries for which the big sizes of the entities aren't required, and, on the contrary, exactly their small sizes are more preferable.

For modern economy the difficult combination of various productions on scales — large, with a tendency to exclusive structures and small developing under the influence of many factors is characteristic. On the one hand, a steady tendency of scientific and technical progress is concentration of production. Major companies have big material, financial, a human power, and qualified personnel. They are capable to conduct large-scale scientific and technical developments which determine the major technological changes.

On the other hand, the unknown growth of small entrepreneurship, especially in spheres where yet it isn't required the considerable equities, large

volumes of the equipment and cooperation of a great number of workers came to light recently. Especially there are a lot of small enterprises in the knowledge-intensive types of production, and also in the industries connected with production of consumer goods.

Opportunity of effective functioning of small modes of production is determined by a number of their benefits in comparison with large-scale production; proximity to the local markets and the adaptation to requests of a clientele; production by small batches that is unprofitable to major companies; exception of excess control links etc.

Small production is promoted by differentiation and demand individualization in the sphere of productive and private consumption.

In turn, the development of small and medium-sized production creates favorable conditions for economic recovery:

- Developing a competitive environment;
- Create more jobs;
- Active structural transformation;
- Expanding consumer sector.

Development of small enterprises leads:

- To saturation of the market in goods and services;
- To increase the export potential;
- To get better use of local raw materials.

Great importance of small businesses is the ability to:

- Expand the scope of application of labor;
- Create new opportunities not only for employment, but primarily for business people;
- Deployment of its creative forces and the use of spare capacity.

According to Article 5 of the Law of the Republic of Uzbekistan "On guarantees of freedom of entrepreneurship" by small businesses are:

- Individual entrepreneurs;
- Micro-firms with annual average number of workers employed:
  - In manufacturing industries, - no more than twenty people;
  - In services and other non-manufacturing industries - not more than ten persons;
  - In wholesale and retail trade and catering - no more than five people;
- Small businesses with annual average number of workers employed in industries:
  - Light and food industry, metal processing and instrumentation, woodworking and furniture industry and building materials industry - not more than a hundred people;
  - Mechanical engineering, metallurgy, energy and chemical industries, production and processing of agricultural products, construction and other industrial-production sphere - not more than fifty people;
  - Science and scientific services, transportation, communications, services (excluding insurance companies), trade and catering and other non-production sphere - not more than twenty-five.

Average number of employees of small businesses determined in the manner prescribed by law. It is recognized as the number of employees in the unitary (subsidiary) companies, branches and representative offices.

Legal and natural persons engaged in several activities (multi) are small businesses according to the criteria of the activity, which is the largest share in annual turnover.

Privileges, guarantees and the rights, the stipulated by the legislation Republic of Uzbekistan for subjects of small entrepreneurship, are provided to the above-mentioned commercial organizations based on their appeals to the authorized organizations (bodies of the public tax, customs service, bodies of the state statistics, banks, etc.) depending on nature of privileges, guarantees and the rights, with the written notice that they are subjects of small entrepreneurship.

Responsibility for reliability of the notification is conferred on the subjects who have provided the notification.

In case of excess by micro-firm and small enterprise of the established annual average number they lose privileges, guarantees and the rights, stipulated by the legislation, for the period during which excess, and the next three months is allowed.

Small enterprises around the world play an important role. In the last some years in Western Europe, the USA and Japan the great value was purchased by small business, where it: it is provided by set of numerous small and medium scale enterprises. Their bulk is the smallest entities in which no more than 20 people work. Small enterprises provide 2/3 surpluses of new workplaces that allowed to reduce considerably unemployment in these countries. If 2012 in the Republic of Uzbekistan it was created 1 million new workplaces, 48,5% from them were created due to development of small business, 21,8% were created due to expansion of all forms of domestic labor.<sup>4</sup>

Small business are effective not only in the consumer sphere, but also as producers of individual units and small mechanisms, non-finished products and other elements necessary for production of finished products which release is unprofitable to large enterprises. All this proves need of an integrated approach to determination of a place and a role of small enterprises in society economy. In small entrepreneurship big allowances are covered.

Thus, with defining of the essence of small business, we found what it is a sector of economy, characterized by small-scale production. Due to limited resources (raw material, financial, labor) the sector is most affected by the external environment, but also why a small business is the most mobile sized farms unit requires no cumbersome management systems. Between the leader (the host) and

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<sup>4</sup> From the session's report of the Cabinet of Ministers of the Republic of Uzbekistan, devoted to the results of social-economic development of the country in 2013 and main priorities of economic program for 2014, held on 18 January, 2014.

the employee is no middleman, that the manager-owner must be a universal specialist (receptionist, marketer, manage production and marketing) and thus combine the functions of the owner. This implies that small business is also a special kind of business.

### **1.2. The role of small enterprise in economy of Uzbekistan and theoretical basics of its crediting.**

As it was already told, small business plays a significant role in national economy. Returning to told above, it is possible to speak about influence of small enterprise on the environment. By consideration of quality characteristics of small entrepreneurship it is possible to speak about its influence on:

- Resource and sales markets;
- On agents of the market relations;
- On political and sociocultural processes.

From the point of view of influence of small business on the resource and sales markets there are bases to speak about its role as:

- The important consumer performing considerable purchases for own production needs;
- The flexible producer quickly reacting to changes of a market situation and giving to market economy necessary elasticity;
- The large employer, besides using labor power of socially vulnerable layers (women, immigrants, disabled people) and carrying out owing to this fact important social function.

In aspect of impact of small entrepreneurship it is reasonable to allocate the next moments for the most important agents of the market relations:

- The small entrepreneurship plays a significant role in forming of a competitive environment;
- Acts as the vibration absorber of an economic environment;

- Plays a role of the catalyst of scientific and technical and technological progress (according to experts, it accounts for about half of all inventions and scientific developments).

The Impact of small entrepreneurship on political and sociocultural processes is expressed in its role:

- a) The shock-absorber of social tension as small entrepreneurship is a fundamental basis of forming of "middle class" and, therefore, easing to inherent market dynamics of a tendency to social differentiation;
- b) The source of the trained personnel covering the vast majority of places of in service training.

In addition to the abovementioned, as it were common features of small business in Uzbekistan it is added a new economic situation to the need to mitigate the crisis in the economy and socio-political sphere. The role of small businesses is increased by the fact that:

- to expand production of many consumer goods and services significantly and without significant capital investments
- to use local sources of raw materials
- to participate actively in conversion through cooperation with small enterprises
- to ensure efficient using of freed resources
- to bring the production of goods and services to the consumer
- to help equalize living conditions in the settlements of different scales involved in the production part of the material and financial resources of the population previously used exclusively for personal use
- to create favorable conditions for employment of the labor force is released in large enterprises to accelerate the de-monopolization of production, the development of competition
- optimizing the size structure of market actors

- to serve as a source of tangible revenues.

One of the most important levers of development of small business is its providing with necessary financial resources. Proceeding from it, domestic banks used the best efforts for essential increase in amount of crediting and improvement of quality of banking services rendered to entrepreneurs. So, during 2000-2010 the amount of the financial funds, allocated to small business, increased by 26 times, tens new types of banking services are implemented.

According to the State program "Year of small business and private entrepreneurship" in 2011 in a bank system is undertaken a package of measures on creation of more favorable business environment for broad development of business activity, to expansion of amounts of the allocated credits, first of all medium-term and long-term loans for upgrade, technical and technological rearmament of production, and also on improvement of quality of rendered banking services. For successful implementation of these measures, large-scale work on many activities of banking sector is carried out. So, the regulatory framework is enhanced. Now funds of special funds of preferential crediting of commercial banks are mainly allocated for financing of high-technology and innovative projects in the sphere of small business and private entrepreneurship, product micro companies, small enterprises and the farms located in remote and hard to reach areas, and also in areas and the cities with an excessive human power. However, commercial banks' income derived from the provision of loans from special funds resources concessional lending of commercial banks, released before January 1, 2016 from taxes on corporate income, which stimulated a significant increase in concessional resources.

In accordance with the Decree of the President of the Republic of Uzbekistan "On additional measures to create the most favorable business environment for further development of small business and private entrepreneurship" accounts of small businesses in the local currency they are opened at no charge, while their loan applications are considered commercial banks within three banking days . In

general, small businesses with good business ideas and liquid collateral can get the necessary credit resources from any banking institutions.

As a result of the measures taken, significantly expanded lending. During 2013, small businesses and private entrepreneurship allocated loans totaling over than \$ 5 trillion 12 billion. In the total volume of credits allocated to microcredit over than 900 billion.<sup>5</sup>

Currently, commercial banks have established to close to cooperation with international financial institutions and foreign banks such as the Asian Development Bank, China Development Bank, International Development Association, the Islamic Corporation for Private Sector Development, and other German banks.

I must say that the banks' activities aimed at further development of small business and entrepreneurship is not limited with the provision of credit. And conducted extensive outreach, improved conditions and increased customer service. Thus, in all branches of commercial banks created "Room entrepreneurs" in which qualified entrepreneurs have the necessary advice on the allocation of credits, banking services, the organization and further business development.

In addition, in order to encourage entrepreneurship and increase employment by commercial banks it is held a several number of competitions in various categories which the winners could get preferential loans.

Table :1. Related indicators of small business to the end of 2013 y.<sup>6</sup>

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<sup>5</sup> From the session's report of the Cabinet of Ministers of the Republic of Uzbekistan, devoted to the results of social-economic development of the country in 2012 and main priorities of economic program for 2013, held on 18 January, 2013.

<sup>6</sup> From the session's report of the Cabinet of Ministers of the Republic of Uzbekistan, devoted to the results of social-economic development of the country in 2013 and main priorities of economic program for 2014, held on 18 January, 2014.

Have started (unit)	Share in GDP (percent)	Share in total volume of industrial output (percent)	Share in market services (percent)	Share in volume of export (percent)	Employment in the economy (percent)
Over 26000	55.8	23	Over 90	18	75

Evidence of progressive changes in the structure of our economy is the increasing rise in small business and entrepreneurship. Only in the past year have started their business more than 26,000 small businesses, and the total number of operating in this sector was at the end of the year 190,000. Today this area is created around 55.8 percent of gross domestic product compared with 31 percent in 2000. Small businesses now account for 23 percent of the total volume of industrial output, almost the entire volume of market services, 18 percent of exports, 75 percent of all employment in the economy.

As you can see, despite its small form, this business is playing an increasingly important role in the sustainable development of our economy and addressing employment and wellbeing of our people. In 2013, the volume of public procurement carried out on the electronic trading amounted to 417 billion soums trading results achieved budget savings amounted to 83 billion soums. With more than 83 percent of the goods and services supplied within the public procurement accounted for small business facilities.<sup>7</sup>

Including through the development of small enterprises, micro and individual entrepreneurship created more than **480,000 jobs** through the expansion of home-based work - more than **210,000**. It is difficult to overstate the fact that for the past 2013 employed more than **500,000 graduates** of professional colleges. College

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<sup>7</sup> From the session's report of the Cabinet of Ministers of the Republic of Uzbekistan, devoted to the results of social-economic development of the country in 2013 and main priorities of economic program for 2014, held on 18 January, 2014.

graduates who decide to start their own business, allocated over **140 billion** soums soft micro-loans.

The analysis shows that improved not only common, but also territorial parameters of the "small" economy. No matter how it looked paradoxical, but the global crisis has forced many local governments to increase the "bet" on the ability of small business and entrepreneurship, to intensify their constituents in addressing not only economic but also social problems. For example, in areas such as Bukhara, Jizzakh, Namangan, Samarkand, Syrdarya, Khorezm, the share of small business in GDP and total employment significantly above the level achieved in the average in the country. Some regions have achieved high growth and increasing the share of small business exports.

Today, the scope of small business and entrepreneurship acts not only as a source of income of the population, but also the most important factor of economic growth. The powerful rise of small business, making it markedly different from other sectors of the economy, of course, is not accidental. It is associated primarily with the support of the government and created the country's business environment. If the conditions of the previous command-and-control - or rather, a centralized distribution system, when the economy was dominated by state ownership, but the business is not out of the question when the property created by the labor brought not only joy, but sometimes frustration because had a considerable cases report to the relevant supervisors about the sources of its origin, it is now all that is gone, except for the cases when the business and create a conflict with the rules and regulations established by the legislation, ie gravitate to the "shadow" economy. No coincidence people involved legitimate business, private enterprise and benefiting not only themselves and their families, but also society, called the "golden fund" of the nation, not only in America, but also in our country.

But much deluded this, I think, is not necessary. In the developed countries of the world the share of small business for ten or more years ago had 60-70% of the

gross national product (GNP). In particular, in the U.S. a small sector of the economy for more than half of GDP and two thirds of new jobs growth. Small business has taken a leading position in the economies of Japan, Italy, India, Korea and some other countries.

Fortunately, the domestic business does not stand apart from the positive global processes. In the area of small business and entrepreneurship today employs more than 75% of the active population. In the current year, the Head of State declared the Year of harmoniously developed generation in this area will be widely involved graduates of vocational colleges and higher education institutions, ie existing conditions and resource base of small businesses, supplemented by modern and human resources that will bring a new area of business development vector.

The same opportunity to create measures is to improve access of small businesses to credit. This will undoubtedly increase the financial stability of small businesses replenish their working capital, improve the process of technical re-equipment and development of new products. Bank support will allow small businesses to strengthen their position against the crisis and other economic threats, to find their own "niche" not only in domestic but also foreign markets, but by and large - to increase the economic potential of the country.

Small business not only preserves, but also significantly increases its turnover and role in the economy by facilitating the tax burden, simplification and unification of the tax system, improve licensing procedures and lower costs. For example, today fines on licensing procedures in the countryside is set to 50% lower than the generally established, and the cost of design and estimate documentation for transfer to non-residential premises within reduced from 18.5% to 2 times the minimum wage. With these measures in the past year has been granted to business entities for rent more than 70% of the identified vacant buildings and facilities with a total area of almost 800 thousand square meters.

It is worth noting that in addition to banking support, reducing the tax burden and simplify licensing procedures for small businesses receive access to markets and raw materials, without which, as you know, can not function not only small but also large companies and associations.

In short, the domestic small business made a significant breakthrough, and that pleases not only encouraging entrepreneurial body, but also society as a whole. And he reached under significant impact of the global financial and economic crisis on the economies of many countries, due to a crisis disrupted financial flows deteriorated business environment, partnerships, etc. "Small" same economy as the rest of the national economy in such situation was not only able to withstand the crisis, but also, as already mentioned, to keep up the momentum.

As you can see, small businesses have not only great achievements, but also certain "narrow" places, unresolved until the end of the problems that are sometimes inevitable when solved major problems and tasks.

As in all areas and at this area have its own problems. At the initial stage of development of small business was very acute shortage of specialized equipment for small enterprises, as domestic producers focused on meeting the needs of large state-owned enterprises. True, if the foreign equipment is delivered faster and cheaper, then, figuratively speaking, to "reinvent the wheel" is obviously not worth it. It is not necessary to produce the equipment, probably, and if it manages not only expensive, but also inferior to its foreign analogues in terms of quality, performance and other parameters. The situation on the market of raw and auxiliary materials recently stabilized, if earlier rise in production of basic industries, used by small businesses, outpaced the growth of prices for the products of small enterprises, it was difficult to obtain information on the positions of interest, but now the prices have stabilized, and pick the appropriate directories information on almost all kinds of interests of entrepreneurs raw materials and components.

Particularly negative effect on the development of small businesses is lack of trained professionals in the field of marketing and finance. The solution to this problem lies in the creation of advisory services in the banks to work with small businesses. Finance small business is not so complicated to Manager failed in their cash flow and accounting and tax optimization can take over the bank.

The fact that a market economy, including the sphere of small business, we do not build on the pre-scripted, and so it allows for certain costs and omissions. Of course, it would be better if there were fewer, and success as much as possible, which unfortunately itself automatically or not provided. This requires first of all increase in activity of the business case and support, other than financial institutions, local authorities and all those who have to do business, both directly and indirectly related. No one should remain indifferent and unresponsive to the

problems and aspirations of those who want to establish or expand their business, especially those who are willing to open for the first time let small, but their own business.

As the President I.A. Karimov in the December performance devoted to the Constitution day, **"We and first of all heads on places emphasized, shall allocate a special place for questions of the solution of existing problems of development of small business and entrepreneurship, elimination on this way of still available barriers and creations in all regions, especially in rural, necessary conditions for attraction to this sphere of youth, provision of the corresponding privileges and preferences"**.

It is difficult to add something to this presidential thesis. Proceeding from the above, it is possible to draw a conclusion on the big importance of small entrepreneurship for national economy: small enterprises perform considerable purchases for production needs, increase elasticity and a market situation, over 50% of able-bodied population provide employment, promote forming of a competitive environment.

Under our conditions to above-mentioned functions are added: expansion of production of goods and services based on the available equipment without additional heavy capital investments, smoothing of disproportions in development of regions, involvement of means of the population in a business conduct, employment released as a result of the reforms which have passed at the entities of labor power.

### **1.3 Types and characteristics of credit in small and private business**

If talking is about credit we need view following something important:

- Essence of the credit
- Functions of the credit
- Forms of credit
- The role of credit

- Types of credit

It is given more and more defining about the word credit. One of them is written on a book: **“Кредит (лат. Creditum - заём от лат. Credere - доверять) или кредитные отношения - общественные отношения, возникающие между субъектами экономических отношений по поводу движения стоимости<sup>8</sup>”**.

Credit (Latin creditum - credit from Lat. Credere - trust) or credit relations - public relations arising between the subjects of economic relations on the movement of value. Credit relations can be expressed in various forms of credit (trade credit, bank credit, etc.), credit, leasing, factoring, etc.

Other definitions of the credit:

- The relationship between a lender and a borrower;
- The cost of the return movement;
- Movement of means of payment on the basis of repayment;
- Movement lent value;
- Movement of credit capital;
- The placement and use of resources on the basis of repayment;
- Providing real money instead of future money, etc.

According to the definition of John Mill, credit - **«есть разрешение одному лицу пользоваться капиталом другого лица»** “permit one person to use the capital of another person”.

### **Essence of credit**

“Возникновение кредита как особой формы стоимостных отношений происходит тогда, когда стоимость, высвободившаяся у одного

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<sup>8</sup> Деньги, кредит, банки (Money, credit, bank): Учебник / Под ред. О. И. Лаврушина. — М.: Финансы и статистика, 2000. — 464 с.

экономического субъекта, какое-то время не вступает в новый воспроизводственный цикл.<sup>9</sup>»

“The beginning of the credit occurs as a special form of value relations when the cost, the released one economic entity for some time does not enter into a new reproductive cycle”. Due credit, it goes from the subject who does not use it (the lender) to another subject, to feel the need for additional funds (the borrower).

The redistributive function of redistribution temporarily liberated cost. It can be carried out at the enterprise level, industry, government (national economy), the world economy (the world economy). Redistribution goes on return value.

Function to create a credit guns circulation associated with the emergence of the banking system. With the ability to deposit money in bank accounts, the development of cashless payments, offset mutual obligations, credit facilities appeared treatment and payment.

Credit incentive function is manifested in the development of production capabilities without the presence of its own funds. Thanks to the credit businesses are a powerful incentive for further development.

**Forms of credit.** Depending on the value of the real form lent isolated commodity, monetary and mixed forms of credit. Commodity form of credit involves temporary transfer to a particular thing, unascertained. This form is historically existed before the advent of monetary relations. Equivalent to exchange specific goods (furs, cattle, grain, etc.), and the creditors were actors with surplus items. Ought to return to the stipulation of similar property or natural (for livestock, grain and poultry) increments. In modern conditions of the commodity form of the credit is to supply goods with deferred payment (usually from the manufacturer to the trade organization), installment sale, lease (rental) property, equipment leasing, commodity credit, some embodiments of custody. In some

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<sup>9</sup> Деньги, кредит, банки: Учебник / Под ред. О. И. Лаврушина. — М.: Финансы и статистика, 2000. — 465 с.

cases, should return the same or similar property with or without further payment itself. If you must return the cash equivalent of the goods received on credit, it turns a mixed form of credit.

Monetary form of credit involves the transfer of the temporary use of a specified amount of money. Money is the predominant form in the current conditions of the economy. This form of credit is actively used by all subjects of economic relations (state enterprises, private citizens) both domestically and in the external economic turnover. In cash credit no equivalent commodity-money exchange, and is the transmission cost for temporary use on condition of return over time and, as a rule, the payment of interest for the use of it.

Mixed form of credit occurs when the credit was granted in the form of goods, and returned the money, or vice versa - provided the money, and returned as goods. The latter option is often used in international payments, when received in cash credit payment for goods delivery. In the domestic economy, the sale of goods by installments followed by a gradual return of the credit in cash.

**The role of credit.** Credit plays an important role in the self-regulation of the magnitude of funds needed to carry out business activities. Due to a credit company at any time such a sum of money that is needed for normal operation. Important role of credit for working capital requirement in which each enterprise is not stable, varies depending on the operating conditions: market, natural, climatic, political, etc. The role of credit for large reproduction of fixed assets. Using the credit

the company can improve, increase production significantly faster than in its absence. Important role in the regulation of credit liquidity in the banking system, as well as in the creation of an effective mechanism for financing public expenditure.

**Varieties of credit.** There are several kinds of credit in world economy. But some of them are not used in our country. Even it is so It is helpful to know all varieties of credit. Here are they:

- Bank credit
- Car Credit
- reimbursement credit
- State credit
- Credit
- Mortgages
- Commercial credits
- Credits for legal entities
- Lombard
- Inter-bank credit
- International credit
- Micro-credit
- Investment tax credit
- Consumer credit
- Revolving credit
- Syndicated credit
- The export credit

Our theme is connected with bank credit.

**Bank credit.** Bank credit represents, on the one hand, the amount of money provided by the bank for a certain period and under certain conditions, on the other hand - a particular technology to meet the financial needs of the borrower stated. In the second case a bank credit is an ordered set of interrelated organizational, technological, informational, financial, legal and other procedures that make up the holistic interaction of bank regulation in the face of its employees and departments with a customer of the bank on the provision of funds taken as the form of the grant of credits, discounting and other forms.

Bank credit is divided into active and passive. In the first case, the bank is the lender, the second is the borrower. The Bank may enter into credit relationships (give or receive credits) with other banks and other credit institutions, including the central bank, performing in the appropriate active or passive function. In this case we are talking about inter-bank lending.

Bank credits are classified by a number of attributes. To understand clearly here is some classification of credit on tables<sup>10</sup>.

Table :2 Classifying credit

1. According to maturity	2. According to the method of repayment:	3. According to the method of collection of interest on credits:	4. According to the presence of collateral:
<ul style="list-style-type: none"> <li>• On-call</li> <li>• Overnight</li> <li>• Short-term</li> <li>• Medium-term</li> <li>• Long-term</li> </ul>	<ul style="list-style-type: none"> <li>• Repayable in one lump sum at the end of</li> <li>• Repayable in equal installments at regular intervals</li> <li>• unequal shares redeemable at different time intervals:</li> <li>• Complex credit;</li> <li>• Progressive credit;</li> <li>• Seasonal credit.</li> </ul>	<ul style="list-style-type: none"> <li>• payment at maturity of the credit</li> <li>• payment of uniform premiums for the duration of the credit agreement</li> <li>• payment at the time of credit</li> </ul>	<ul style="list-style-type: none"> <li>• Trust (unsecured) credits</li> <li>• Secured credits</li> <li>• Credits financial guarantees of third parties</li> </ul>

5. According to the intended purpose:

- Related (target) credits, for example:

<sup>10</sup> Деньги, кредит, банки: Учебник / Под ред. О. И. Лаврушина. — М.: Финансы и статистика, 2000. — 90-95 page.

- Payment (on the performance of particular commercial transaction or meet temporary needs)
- To pay settlement (payment) documents counterparties client;
- Acquisition of securities;
- To advance payments;
- For payments to budgets;
- Wages (payment of the money by check from the credit account of the borrower).
- To finance production costs, ie
- Stockpiling of inventory items;
- Financing of current production costs;
- Financing of investment costs, including credits, leasing, etc. operations (intermediate).
- Accounting (purchase) of bills, including repo transactions.
- Consumer credits.
- Credits to general (non-target, unrelated).

6. According to the form of the credit:

- Non-cash credits:
  - crediting bank money to the appropriate account of the borrower, including the restructuring of earlier credits and provide new;
- Credits with bank notes;
- In mixed form (combination 2 previous embodiments).
- Credits cash advance (usually individuals)

7. According to the technique of the credit:

- A lump sum;
- In the form of overdraft facilities;
- In the form of credit lines:
- Simple (non-renewable) line of credit;
- Renewable (revolving) credit line, including:
  - On - call (call) line of credit (credits within the agreed limit amount and within a set period of time, so that the limit can be continuously and automatically (without additional agreement) to recover at maturity taken earlier tranches);
  - Open account line of credit (lending to a stipulated amount limit and the deadline of the agreement under which continuously and automatically tranches issued and redeemed, reflected on a single current account that combines the properties of the credit and the settlement of accounts, the limit, each time recovering).

8. According to the method of the credit:

- Individual credit (provided by one bank to the borrower)
- Syndicated

9. According to categories of potential borrowers:

- Agricultural credits
- Commercial credits
- Credits to intermediaries on the Stock Exchange
- Mortgage credits for homeowners
- Interbank credits
- Credits for legal entities

- Credit for Individuals

For the classification of credits to certain groups and types can be used, and other criteria.

Bank credits are divided into active and passive. In the first case, the bank issues a credit, that is a creditor, the second takes the credit, ie, is the borrower. The Bank may enter into credit relationships (take or give credit) and other banks (other credit institutions), including the Central Bank of the Russian Federation, in performing appropriate active or passive function. Such relationships are called interbank lending. As for lending to enterprises, organizations, institutions and individuals (non-financial sector), the bank's credit relationships with them have a different character - it is almost always a lender.

#### Credit payments

Annuity payment - is equal to the sum of the monthly payment on the credit, which includes accrued interest on a credit and the principal amount. Calculation annuitant payment banks made several different formulas. Therefore, even with the same interest rate payment annuitant size may vary from banks.

Differentiated payment - a monthly credit payment, decreasing towards the end of the term credit and is paid a constant proportion of the principal and interest on the unpaid balance of the credit.

#### **Lending policy.** Unconditional bank lending principles are:

1. Principle of urgency means that credit is given to a uniquely defined term.
2. Reflexivity principle suggests that a certain contract period the entire amount of the credit must be repaid in full.
3. Principle of payment implies that the right to use the credit the borrower must pay the agreed amount of interest.
4. The principle of subordination of the credit transaction standards legislation and banking regulations (in particular, carefully drawing the credit

agreement or agreement in writing that is not contrary to the law and regulations of the Central Bank of the Russian Federation).

5. Principle of specialty lending. That is, changes in the conditions of the credit agreement (Agreement) shall be in accordance with the rules laid down in the credit agreement or in a special supplement to it.
6. Principle of mutual benefit credit transaction means that the terms of the transaction must be adequately taken into account the commercial interests and abilities of both sides.

A special group should identify common principles of lending rules, which are used if it is the will of the parties expressed in the credit agreement, and should not be applied, if not included in this contract (not unconditional principles):

- The principle of targeted use of credit;
- The principle of secured lending (credit can be provided fully, partially or not provided at all).

In addition, another group lending principles can be identified, which are intended for "internal use only" employees of banks and shall be secured in their internal documents as part of the credit policy.

**The price of credit** - monetary value of the payment granted credit depends on the interest rate fixed by the lender for its use. The price of credit related to the principle of payment or credit relations retribution. Allocate bank credits with market interest rate, higher rate and preferential rate. The market price of the credit is formed on the market at the moment on the basis of supply and demand for different types of credit. During periods of inflation, it is very flexible and has a tendency to increase. Increased the price of credit, usually occurs in conditions of significant credit risks of borrowers (violation of lending conditions stipulated in the contract, a price above the cost of credit, etc.). Discounted price of credit is used for a differentiated treatment to the borrowers.

Government credit - a set of economic relations existing between the state, on the one hand, and legal persons, foreign states, international financial organizations - on the other, regarding cash flow terms of maturity, repayment, and on this basis, the formation of additional financial resources participants in these relations. In a relationship, as defined in Category Public Credit, the state acts as either a lender or the borrower or guarantor.

Commercial credits - a kind of credit, the essence of which is the transfer of one party (the lender) to another party (the borrower) money or other things, defined fungible. Modern Commercial credit - a credit provided by enterprises to each other.

Interbank credits are provided by one bank to another. The main creditor of the market is the Central Bank. Commercial banks act as borrowers and lenders other commercial banks. Usually borrowing is based on one-time credit agreements or by placing deposits with other banks.

International credit - the movement of credit capital in the sphere of international economic relations, connected with the provision of currency and commodity resources on terms of repayment, maturity, security and interest.

Consumer credit – credit is given directly to citizens for the purchase of consumer goods. This not only take credit for the purchase of durable goods (apartments, furniture, cars, etc.), but also for other purchases (mobile phones, home appliances, food). He stands or in the form of the sale of goods on a deferred payment, or in the form of bank credits for consumer purposes, including through credit cards. In this charged a fairly high percentage.

Revolving credit - revolving credit, usually technically be put into effect in the form of overdraft credit card, in some countries - in the form of "VAR-credit" (ie as a right to go into minus Regular checking account). The most convenient form of credit banks credits.

"Under the current rules in the U.S. credit card holder has the right to choose it's fully limit, and is obliged to repay only the minimum fixed monthly amount. Offensive same financial difficulties still did not represent much of a problem: you can always find yourself a new credit card and expense refinanced. With the growth of interest to sustain such an adventurous consumption model is becoming increasingly difficult". Revolving credit is usury in crystal-clear form - do not discuss any business plans, only automatic consumption credit money.

Syndicated credit (born syndicated credit) - credit provided to the borrower at least two creditors (lenders syndicate) involved in the transaction in certain parts within, usually a single credit agreement.

The export credit (born Export Credit, it. Export credit) - credit provided by the parties on foreign transaction (exporter and importer) in the export process. Export credit is a commercial (trade) credit granted in the form of deferred payment or prepayment of goods.

## CHAPTER 2: ORGANIZING AND ACCOUNTING OF CREDIT IN SMALL BUSINESS SUBJECTS

### 2.1 Technical and economic characteristics of enterprises

The main activity of organization “Garant Alyans Dolina” is to service of accounting and build accounting system. The organization serves many company situated in many kind of places. One of the users this is “Uzsalaman” LTD. “Garant Alyans Dolina” is individual company and includes in small business subjects. But it is not taken credit cause of not have need to additional money. So we decided to use information of “Uzsalaman” company to write work. Some information is given in the table below.

The main activity of enterprises "UZSALAMAN" is producing and sale of high-quality shoes in the market of Uzbekistan. "UZSALAMAN" was established in 1994 and engaged in the producing shoes.

Table: 3 Information of organization “Uzsalaman” LTD

ENTERPRISE ORGANIZATION "UZSALAMAN"	15606323
Branch code	17371
Organizational-legal form	19300
Ownership at	161
Taxpayer Identification Number TIN	201039410
The territory of Fergana	1730401
Registered address:	1730401, Fergana Str. M.Kosimov. 62.
Certificate series number	001444, issued on 27.02.1995, by Ministry of Finance

Leaders of the organization name, position, authority: Director	Kambarov Umarjon Isakjonovich
Chief accountant	Teshabev Ibrokhim Yulbarsovich
Authorized capita	24435000

The purpose of the Company:

- To produce goods for as much as possible to provide the needs of enterprises and population for consumer goods;
- To increase wealth of its employees;
- To provide collateral employment.

The Company is a legal entity, may have a trademark on its behalf to implement all actions to achieve their goals provided by law.

## **2.2 Organizing and forming of credit accounting in small business subjects**

To form economic means of organization it can be get its own sources in form of bank loans from other organizations. Borrowings may be held for fill capital, purchase of fixed assets, purchase of goods (works, services), settlements with suppliers and others.

In Civil Code of the Republic of Uzbekistan it is established following types of debt that former borrowed relationship:

- Credit agreement;
- Loan agreement;
- Goods and trade credit (as a special kind of debt relations).

Of course we first of all need define means of credit agreement given different information recourses. Some of them is civil code and it regulates many type of economical agreements.

## **Credit agreement**

746 п. Гражданский кодекс Республики Узбекистан

По кредитному договору одна сторона - банк или иная кредитная организация (кредитор) обязуется предоставить денежные средства (кредит) другой стороне (заемщику) в размере и на условиях, предусмотренных договором, а заемщик обязуется возвратить полученную денежную сумму и уплатить проценты на нее.<sup>11</sup>

According to the credit agreement, one part - a bank or other credit institution (the lender) agrees to provide money (credit) to other part (the borrower) with terms and conditions which stipulated in agreement, and at time the borrower agrees to repay the amount of money and extra pay interest of got it.

If commercial organizations that are not credit institutions implement to credit with accordance to legislation permits, the rules of the credit agreement are applied to the crediting relations such commercial organization.

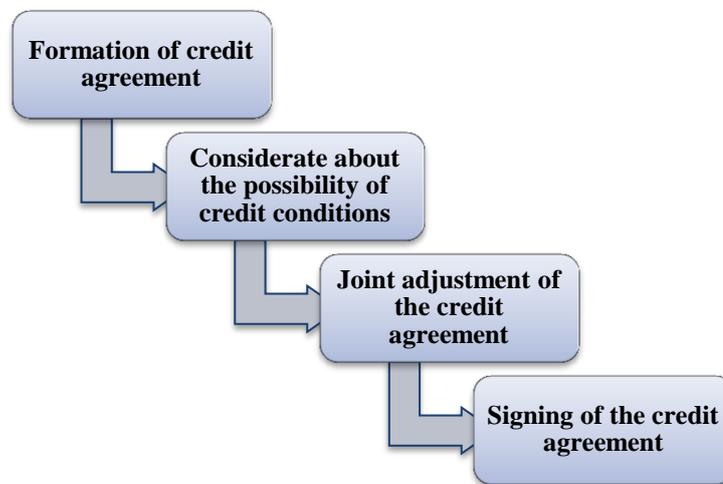
Bank credit is money given by the bank organizations and individuals with certain date and specific objectives with repayment basis and usually with interest payments. Bank credit is also called as loan and an important source of borrowed funds to organization. Credit and settlement relations of organization with the bank are based on voluntary and mutual interested partners. Usually credit is given to organizations with aim of enlarging objects or only for payments to suppliers for the payment wages and for the complex task of economic and social programs.

The subject of the credit agreement may be only cash form. Credit agreement (Appendix 2) should only be made in writing in accordance with Art. 746 § 1 of the Civil Code of the Republic of Uzbekistan. Failure to comply with the written

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<sup>11</sup> Art. 746 § 1 of the Civil Code of the Republic of Uzbekistan, T: 2013.

form shall entail the invalidity of a written contract. Filial of banks to gives credit under condition of strict adherence to the principles of repayment, maturity, interest payment, and on the security as provided by the current law.



Pic: 1 Stages of credit agreements<sup>12</sup>

Stages of credit agreements:

1. Formation of the maintenance of the credit agreement by the client-borrower (type of credit, amount, term, provision, etc.).
2. Bank consideration of the project to get credit submitted by the client and drawing conclusions about the possibility of credit conditions in general and its provision in particular (if a positive decision).

At this stage, banks determine:

- ✓ The creditworthiness of potential borrowers that ability of a timely returning the credit. Checking before giving money is very important and affective for the credit agreement.
- ✓ Its ability to provide credit to the enterprise in the required amount of them on the basis of available credit resources, increase their opportunities at the expense of its deposit and interest rate policy, contributing credit institutions.

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<sup>12</sup> It is made by own research

- ✓ Together adjustment of the credit agreement of customer and the bank to achieve mutually accept and present it to the lawyers.
- ✓ Signing of the credit agreement by both hands that to form it as a legal document. To get a credit organization sends to a bank an application (see form of application) with copies of constituent and other documents (charter, certificate of registration, accounting reports, etc.) proving repayment of loans (FS - Feasibility Study).

In conclusion, the bank officer describes:

- ✓ The credit history of the company
- ✓ Its business reputation
- ✓ Financial analysis
- ✓ Characteristics of calculation accuracy
- ✓ Possibility of fulfillment of planned indicators
- ✓ The list of major risks
- ✓ Conclusions about the appropriateness of the credit and offers credit terms.

Depending on the size of the credit decision is made by credit department or credit committee. Particularly decision about giving a much credit made by the Board of the bank or the General Meeting of Shareholders.

After approving the credit application and adoption commercial bank decisions to give it is be formed and signed by both parties loan agreement. In the future, the enterprise credit relationships with the banking organization are based on the credit agreement.

In the credit contract is determined by:

- Amount of the loan;
- Credit conditions (term loan interest, a method for providing a loan);
- Obligations of Bank (time and method of the loan);

- Obligations of the borrower (the method and timeliness of payment of interest on the loan, reporting on use of credit, etc.);
- The bank's rights (right to change the interest rate, the right to control the use of the credit, the right penalties and their description, etc.);
- The rights of the borrower (the right of early repayment, the right to receive a penalty for failure to bank on its obligations);
- Responsible organizations.

Credit contract is made in two equal copies, one for each of the hands and it is the basic document for solving all outstanding issues between banks and enterprises.

For bookkeeping of entrepreneur credit agreement is the basic document to confirming a credit, payment of interest, penalties, fees and other payments to the bank by the company.

All questions related to the issuance and repayment of credit are regulated by the rules of banks. Between the organization and the borrower it is made a credit agreement. The credit agreement provides for: credit facilities and term of the credit, the terms and the procedure for issuing and redemption forms of collateral obligations, interest rates, the order of payment, obligations, rights and responsibilities of the parties for the issuance and repayment of the loan, list of documents and frequency of their banks and other conditions.

For contract making bank solvency it is analyzed ability of timely pay the credit and interest. To do this, it is used data received from the documents and reports, and if necessary check availability and advanced software object in place. In next, according to order and terms, the credit agreement the organization provides bank to the complete credit accounts (balance sheet) and other documents necessary for the ongoing monitoring of economic and financial activities of the organization. However, according to article 746, § 1 of the Civil Code of the Republic of Uzbekistan The lender has the right to refuse to provide the borrower in credit agreement with reason that wholly or partly debtor is insolvent, fails to

fulfill its responsibilities to ensure the credit agreement provided for inappropriate use of credit obligations of the target, as well as in other cases stipulated by the contract.

Also according to article 746, 2 p. Civil Code of the Republic of Uzbekistan the borrower has right refuse receiving the credit in wholly or partly. It must notify the creditor about it till date which followed on the credit agreement, if otherwise it is not provided by other law or contract. Creditor has a right to refuse from giving credit if it is not used in the aim that not settled in credit agreement.

Credits are divided into short and long term depending on the period of credit. Urgency is defined with terms of credit returning, maturity. Thus, short-term credit is given for a period not exceeding one year under the stocks of raw materials and production costs.

Long-term loans for a term exceeding one year and, as a rule, the cost to install new equipment, expand production of its renovation, purchasing expensive equipment and other targeted programs (capital investments). The main document in this case is the NAS.

The main tasks of credit accounting are:

1. Correct paperwork and timely recording of transactions on receipt of money and their payment;
2. Controlling receipt and payment of credit facilities;
3. Correctly count interest on credit and control over the terms of payment;
4. Correctly calculation of taxes, related to the operations of credit facilities;
5. Hold inventory of credit obligations for timely payment and uniformity enable interest expense on credit facilities;
6. Forming of completely and accurately information in the financial statements on the presence and movement of credit.

**An accounting of credit obligation.** An accounting of money gotten in the form of credits is regulated by the national accounting standards approved by the Ministry of Finance of Uzbekistan.

According to national accounting standards principal amount on credits is accounted by the borrower organization in accordance with the terms of the credit agreement in the amount actually received cash or valuation of other things mentioned in the contract. Borrower organization must take into account the debt in the actual transfer of money or other valuables in its accounts payable. According to borrowed money, It is distinguished long-term and short-term debts. It is considered as a short-term debt when a loan or loan payment period not exceeding 12 months. Information about the state of short-term loans obtained by the borrower is reflected with using account 6800 "Accounts of short-term credit and borrowings"

In accounting, the amount of short-term and long-term credits are described with 6800 "accounts of short-term credits and borrowings" and in correspondence with accounts of the account of monetary funds or with a score of 6000 "Settlements with suppliers and contractors" at the time of actual receipt.

Account of short-term credits and borrowings (6800)

In line 730 of report it is showed amounts of liability to banks which not paid completely at December 31

A credit taken from a commercial bank is issued by the credit agreement.

Credit agreement has a number of features that distinguished from loan agreement.

- Lender in such an agreements is always the bank or other credit institution that has the appropriate license;
- The contract is necessarily in writing form, otherwise it is considered invalid;
- The subject of the contract may only be cash;

- The agreement shall enter into force when the parties reach an appropriate agreement before the actual transfer of money to the borrower;
- Other provisions is stipulated in accordance with the Bank's credit policy;
- And other agreements can also available only not being against to national and international relations.

Compile information on the status of the various short-term (up to 12 months) credits in foreign currency obtained prices from banks and lenders in the territory of the Republic of Uzbekistan and abroad it is provided the following accounts. We can understand in which accounts it is implemented accounting system.

Table N: 4 Accounts related short-term credit

6810	"Long-term bank credits"
6820	"Long-term credits"
6830	"Bonds payable"
6840	"Notes payable"

On account 6810 "Short-term bank credits" is accounted various short-term credit taken from banks.

Amounts received short-term bank credits accounted on credit side of 6810 "Short-term bank credits" and respective accounts of the account funds in debit side.

On the amount repaid bank loans debited 6810 "Short-term bank loans" in correspondence with the accounts of cash (e.g. 5010, 5110). Analytical account of the account 6810 "Short-term bank credits" is conducted for each credit, terms, bank and provider of them.

On account 6820 "Short-term borrowings" accounted taken credits from lenders (banks) in Uzbekistan and abroad for a period not exceeding 12 months. Receipt of funds from lenders (banks) on debit side of accounts of cash and in credit side of account 6820 "Short-term borrowings" Repayment of loans on debit side of accounts 6820 "Short-term loans" and loan accounts of the account funds.

Analytical account of the account 6820 "Short-term loans" conducted by lenders and loan maturities. 6830 on account of the "Notes payable" accounted attracted by the enterprise funds by issuing bonds with maturities not exceeding 12 months. If now attracting funds realized through the implementation of the bonds at a price higher than their nominal value, the difference between the selling price and the nominal value of bonds is made on account shall be credited to 6220 "Deferred income in the form of premiums."

Analytical accounting of the account 6830 "Notes payable" is conducted for each type and maturity of the bond. On account of 6840 "Notes payable" accounted notes issued with a maturity not exceeding 12 months.

Operation of issued bills now reflected on loans that account 6840 "Notes payable" account of the debit side of cash. Returning received money as a result of operations from lenders is reflected in the debit side of account 6840 "Notes payable" in correspondence with the accounts of money.

Analytical account of the account 6840 "Notes payable" conducted by banks that performed accounting bills, note holders.

Table: 5. Correspondence relating to the accounts of short-term credits<sup>13</sup>

<b>N</b>	<b>Maintenance of economic operation</b>	<b>Correspondence accounts</b>	
		Debit	Credit

<sup>13</sup> It is made according to NAS 21.

1	Received short-term bank borrowings	5110-5530	6810-6820
2	Goods and materials is entered to short-term bank credit	1010-2910	6810-6820
3	It's paid to suppliers and contractors with short-term bank credit	6010	6810-6820
4	It's paid short-term bank borrowings	6810-6820	5110-5530
5	It's paid short-term bank borrowings by separate divisions	6810-6820	6110
6	Obtained the short-term loan by issuing bills and bonds	5110-5530	6830-6840
7	It's paid given notes and bonds	6830-6840	5110-5530

Long-term obligations is considered as a debt, the maturity exceeds 12 months. Information about the state of short-term credits obtained by the borrower is reflected using account 7800 "Accounts long-term credits and loans." In accounting, the amount of obtained long-term credits are showed in credit side of 7800 accounts in correspondence with the accounts of cash or with a account of 6000, "Settlements with suppliers and contractors" at the time of actual taking.

### **Accounting of the long-term credits (7800)**

Compilation of information on the state of long-term (over 12 months) credits in foreign currencies that taken from banks and lenders in the territory of the Republic of Uzbekistan and abroad, provided the following accounts given in the table<sup>14</sup>:

Table N: 6 Accounts related long-term credit

7810	"Long-term bank credits"
7820	"Long-term credits"
7830	"Bonds payable"

<sup>14</sup> N:21 National Standards of Accounting (NSA). The Ministry of Finance of the Republic of Uzbekistan. № 0-23. T.: -2000 year.

7840	"Notes payable"
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Amounts taken long-term bank credits are showed in credit side of 7810 "Long-term bank credits," and in debit side of cash accounts.

When transferring the current amount of long-term bank credits it debited 7810 "Long-term bank credits" and credited to the account 6950 "Long-term liabilities - current amount". In that case the initial amount of long-term bank credit is reduced.

Analytical accounting of long-term credits is accounted in accordance with the types and terms of loans, banks, providers of them. On account 7820 "Long-term loans" is accounted taken loans from lenders (banks) in Uzbekistan and abroad for more than 12 months.

Receipt of funds from lenders (banks) is showed on debit side of accounts of cash and on credit side of account 7820 "Long-term loans". When translating the current portion of long-term loans debited 7820 "Long-term loans" and credited to the account 6950 "Long-term liabilities - current portion" in the amount due, while reducing the amount initially long-term loan.

Analytical account of the account 7820 "Long-term loans" conducted by lenders and loan maturities. 7830 on account of the "Notes payable" accounted attracted by the enterprise funds by issuing bonds with maturities greater than 12 months. If now attracting funds realized through the implementation of the bonds at a price higher than their nominal value, the difference between the selling price and the nominal value of bonds is made on account shall be credited to 7220 "Long-term deferred income in the form of premiums (premiums)."

When transferring the current amount of long-term bank credits it debited 7830 "Long-term bank credits" and credited to the account 6950 "Long-term liabilities - current amount". In that case the initial amount of long-term bank loan is reduced.

Analytical accounting of long-term loans is accounted in accordance with the types and terms of loans, banks, providers of them. On account of 7840 "Notes payable" accounted notes issued by lenders with maturities greater than 12 months.

Operations of issued notes are reflected that credited to 7830 "Notes payable" and debited cash accounts. When transferring the current amount of long-term bank credits it debited 7840 " Notes payable " and credited to the account 6950 "Long-term liabilities - current amount". In that case the initial amount of long-term bank loan is reduced. Analytical accounting of long-term notes is accounted in accordance with bank what accounts Note-holders and separate notes.

Table: 7. Correspondence relating to the accounts of the longer-term bank credits and loans (7800)<sup>15</sup>

N	Maintenance of economic operation	Correspondence accounts	
		Debit	Credit
1	Received long-term bank borrowings	5110-5530	7810-7820
2	Goods and materials is entered to long-term bank credit	1010-2910	7810-7820
3	It's paid to suppliers and contractors with long-term bank credit	6010	6810-6820
4	It's paid long-term bank borrowings	6810-6820	5110-5530
5	It's paid long-term bank borrowings by separate divisions	6810-6820	6110
6	Obtained the long-term loan by issuing note and bonds	5110-5530	6830-6840
7	Advances are obtained through long-term loans	4310-4330, 4410, 4510-4520	7810-7820

Continuing of table

<sup>15</sup> It is made according to NAS 21.

Returning the sum of taken loan from the lender included added borrowing is reflected in the accounting procedures of the borrower as a reduction (repayment) what said in obligation of creditor.

Upon repayment of loans or loans for amounts repayable loans, loans is debited accounts 6800 "Accounts of short-term credits and loans" or 7800 "Accounts of long-term credits and loans" in correspondent accounts with cash accounts (accounts: 5000, 5100, 5200, 5500).

Analytical accounting of taken credits is done by types of loans, credit institutions and other lenders. In accounting policy organizations can be provided:

- Transferring long-term obligation to short-term obligation;
- Account borrowings with maturities greater than 12 months before the expiry of the said period of long-term obligation.

Short-term or long-term debt can be immediate or delayed. It is considered as immediate obligation if term of debt which given in agreement is not end or extended according to established order. Borrower organizations after the payment deadline must provide a transferring term debt as extended.

According to national accounting standards, the costs associated with obtaining and using credit and loans, including:

- Interest payable to the lender;
- Interest discount on payable to notes and bonds;
- Additional costs incurred in connection with obtaining the loan and the loan issue and placement of obligations;
- Exchange and settlement differences when appear able from the payment of interest under the contract from the date of accrual of interest until their maturity factors.

For additional costs allocated expenses related with:

- The provision borrower legal and consulting services;

- Implementation copying works;
- Payment of taxes and duties (in the cases provided by law);
- Hold examinations by experts;
- Consumption of communication services;
- Other costs directly associated with loans and credits, as well as the transferring of obligations.

In accounting, the additional costs related to operating expenses that is recorded in the period in which they were produced. Costs of loans and credits included in the operating costs, operating expenses and are included in the financial results of the organization. An exception to these rules are costs of service to loans and credits used to implement pre-payment for materials, goods or advances to pay for them.

According to national accounting standards included in the current expense borrowing costs and credits provided in the amount of payments due under the loan agreements concluded by the organizations and credit agreements irrespective of what form and when these payments actually appears. Costs of loans and credits include operating costs of the enterprise, and operating costs are to be included in its financial results.

**Interest of taken credits.** Interest of loans and credits are calculated in accordance with the procedure established in the loan agreement or credit agreement. Obligations of loans and credits given due at the end of the reporting period to the payment of interest according to the conditions of the contract. In NAS it is given information about the above cases.

- "During the construction period calculated interest of long-term loans for construction is included in the initial cost of construction, plant and equipment"<sup>16</sup>

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<sup>16</sup> NAS n: 5. Paragraph 3/12 approved by Order of the Minister of Finance from 09.10.2003, N 114, registered MU 20.01.2004, N 1299

- "If you purchase or produce raw materials by borrowed capital costs in the form of the credit (loan) is not included in the cost of inventories acquired in whole or in part by him"<sup>17</sup>

- "Expenses in the form of interest to use the loan is not included in the initial cost of intangible assets acquired in whole or in part by debt capital."<sup>18</sup>

### **2.3 The current practice of credit accounting**

**Treatment of interest of credit.** Borrower organization calculates interest of taken credits and loans in accordance with the procedure established in the credit agreement. In accounting obligations of credits should be shown inclusive of interest payable at the end of the reporting period according to the conditions of contract. Interest accounting of expenses payable to lenders on loans received from them, depends on the purpose of leverage. In general, when the credits are not used for pre-payment of material and production and other valuables, works and services, as well as for the acquisition or construction of fixed assets, calculated interest is included in operating expenses.

Such payable credit interest to pay are reflected in credit side of 6800 "Accounts of short-term credit and loans" or 7800 "Accounts of long-term credit and loans" in correspondence with the debit account 9430 "Other expenses".

Calculated amount of interest are accounted for separately. Payment of interest of short-term or long-term credits are reflected in the debit side of account 6800 "Accounts of short-term credit and loans" or 7800 "Accounts of long-term credit and loans" with the corresponding accounts of cash, money (50 "Cash", 51 "Settlement accounts")

Payment for using credit is settled as a percentage indicating the duration of their payment. Interest of bank of including interest on overdue loans and deferred

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<sup>17</sup> NAS n 4. Paragraph 3/13. Approved by order of the Minister of Finance of 15.06.2006 N 52, registered MU 17.07.2006 N 1595

<sup>18</sup> NAS n 7. Paragraph 3/14. Approved by order of the Minister of Finance of 25.03.2005 N 35, the registered MU 27.06.2005 N 1485

are included in the cost of financial activities in accordance with claim "Provisions on the composition of costs". The exception is the interest of bank credit obtained on the investments that the investment period are included in capital expenditures.

For tax purposes, the interest of credits (loans), except interest is included capital investment in investment period. Interest of overdue and deferred credits (loans) in excess of rates stipulated in the credit agreement for term obligation - is non-deductible expenses in accordance with Art. 147 of the Tax Code.

If it is formed a guarantee agreement with material magnetizations to save pay ability, then the value is recorded in outbalance account 009 "Guarantees - issued." If it is decorated as collateral third party guarantee (another bank or another entity), then by the amount of guarantees is made to outbalance accounts 008 "Guarantees - received". Credits and interest not repaid on time settled with credit agreement should be account separately. If the term of the credit agreement is extended by agreement between the enterprise overdue credit is not considered.

#### Example

Enterprise got bank credit of 10 million sum for one year on February 2, 2013. The credit is aimed to fill the Working Capital funds. According to the credit agreement for the loan interest paid by the bank on a monthly basis starting from 20% per annum.

Interest is payable monthly bank, calculated as follows:

$$20000000 * 20\% / 12 \text{ months.} = 333333.33 \text{ sum.}$$

Monthly accounting should reflect the accrual and payment of interest of the credit (see the table 8)

Table: 8. Corresponding accounts of interest of taken credit

№	Contents of transaction	Amount	Account corresponding	
			Debit	Credit
1	Calculated interest payable of bank credit (monthly)	333333,33	9610	6920
2	Paid interest to the bank credit	333333,33	6920	5110

National Accounting Standards establishes a general rule that defines how much expenditures of capitalization to pay interest that the inclusion of interest to the initial cost of the asset. National Accounting Standards states that "the expenditures of loans and borrowings should be recognized as expenditures of period in which they are incurred, except some part that to be included in the investment asset."

In addition, for the purposes of national accounting standards for asset investment refers to property, ready for its intended use requires considerable time. national accounting standards for investment assets include fixed assets, property complexes and other similar assets, require more time and cost of acquisition or construction. These objects are purchased directly for resale are recorded as items on the bill in 2900 "Goods" and investment assets do not belong.

Thus, the scheme of capitalization of costs on borrowings depends on the purpose for which the funds are spent. If the use of credit or a loan due to the acquisition of an investment asset, interest is capitalized under accounting of the object, if the use of the loan is not due to the acquisition of an investment asset, interest inputs in their calculation.

#### Example

"Uzsalaman" received the bank term loan in the sum of the sum of 5 million at 20% per annum for the period from 01.09.11 to 31.10.11 inclusive. Interest is

payable monthly.

In the account it is made the following accounting entries (table<sup>19</sup>):

Table N: 9 Reflecting operations of credit

№	Contents of business transaction	Amount	Accounts corresponding	
			Debit	Credit
1	Credit received in bank account of organization	5000000	5110	6810
2	Accrued credit interest for September	83333.33	9430	6920
3	Percent is paid for September	83333.33	9620	5110
4	Taken amount of credit is repaid to the bank	5000000	6810	5110

Thus, accounting of credit and loan includes:

- Their capitalization to the debit side of account 0890 "Other capital investments" if the credit is connected with buying the long-term assets.
- Their debit of accounts is recapitalization costs. If this trade venture, then it is debited to 9410 "Selling expenses" if it is producing structure, then, as a rule, is charged to the 2510 "General Expenses".

If the organization uses these borrowed funds to implement pre-payment of inventories, other valuables, works and services, as well as the issuance of advances, the cost of servicing these loans and credits are considered to organization-borrower as increasing obligations.

According to national accounting standards costs on loans and credits directly attributable to the acquisition or construction of an investment asset shall be included in the cost of the asset and repaid through amortization, unless the

<sup>19</sup> It is made by own information.

accounting rules of depreciation is not provided. Costs of loans and borrowings related to the formation of an investment asset with respect to which accounting rules are not depreciated, such asset is not included, and are recognized as expenses of the organization.

According to paragraph of national accounting standards expenditures of loans and credit directly connected to the buying or investment building assets are included in the initial cost of the asset if there are possibility to have future economic benefits or when the availability of investment necessary for its asset management needs.

Expenditures of credits are included to the initial cost of investment assets according to the following conditions:

1. If expenditures appears in connection with the buying or building of an investment asset;
2. Works that related to its beginning to form;
3. Actual costs of loans and credits or obligations for their implementation taken place.

In national accounting standards does not define what is meant by "Actual start of work". Actual start of work of building of an investment asset can be considered not only the work associated with the creation of the physical asset, but also administrative, technical work. For example, land management activities for the upcoming construction advisable considered as the actual beginning of work on the formation of an investment asset. The expenses associated with the conduct of these operations are capitalized.

Upon termination of works associated with the construction of an investment asset for a period exceeding 3 months, the cost of borrowings and loans used for the construction of the asset. Not be included in the cost. They should be classified as current expenses of the organization. During additional harmonization of

technical or organizational issues that have arisen during the construction of the asset. Not considered a cessation of work.

### Example

"Uzsalaman" 01.02.13 got short-term bank credit for constructing of a shoe-shop building the amount of 200 million soum. The credit was given for 9 months. For the credit usage organization monthly charges and pay interest at the rate of 20% per a year. The cost of the work amounted to 240 million soum (tax is 8 million soum). In the period from May to September 2013, the construction is stopped for reasons unrelated to the additional harmonization of technical and organizational issues.

In accounting, the enterprise makes the following entries:

Table N: 10 Reflecting operations of credit

№	Contents of business transaction	Amount	Accounts corresponding	
			Debit	Credit
1	Credit received in bank account of organization	4000000	5110	6810
2	Accrued interest of the credit to February, included in the cost of an asset	666700	830	6920
3	Paid interest for using credit in February	666700	6920	5110
4	In March and April 2013 is done similar accounts. From May to September monthly makes the following accounting entries			
5	Accrued credit interest is not included in the value of investment assets	666700	9430	6920

6	Paid interest for using credit	666700	6920	5110
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After the resumption of construction the amount of interest of credit will be included in the value of investment assets and billed to the 0830 "Investments to non-current assets."

Capitalization is stopped after completing work related to the preparation of an investment asset for using. Borrowing costs is included to the initial cost of investment assets to the first day of the month following the month the asset for accounting purposes as a fixed asset or the property complex. After this date, the cost of loan and credits is recognized as expenditures.

According to paragraphs of national accounting standards, if an investment asset actually began to use it till transferring to exploitation, then these costs should be included in the current expenses, beginning with the month following the month of the beginning of the actual operation.

## **CHAPTER 3. RECOMMENDATIONS TO IMPROVE CREDIT ACCOUNTING OF THE ORGANIZATION**

### **3.1 Ways to reduce interest rates of credit for entrepreneur**

Accountant with aim of generate crediting strategies for developing company should be based on the following priorities for solutions that ultimately determine the company's financial stability.

- Maximize profit of company;
- Minimize costs to achieve dynamic develop company (expanded producing)
- Approving competitiveness

The next step in the improvement of credit policy is to determine the most appropriate tactical treatments.

There is several potential borrowing:

- Investor funds (extension of the authorized fund, a joint business);
- Bank or financial credit (including the issue of bonds);
- Trade credit (deferred payment providers);
- Use their own "economic advantage"

Financial (money) credit is usually provided by banks. This is one of the most expensive types of credit resources.

Limiting factors:

- A high percentage
- The need to ensure a reliable
- "Creation" solid balance sheet ratios

Despite of the high cost and the difficulty of attracting opportunities bank credit (as opposed to investment) should be used by the company at a high level. If the project is implemented by the company it is really designed for the competitive level of profitability, the profit obtained from the use of financial credit will always

exceed the required percentage to be paid. Although banks give preference to this kind of provision of loans as collateral, but can be satisfied and the guarantee of a third party (if any solvent shareholders or other stakeholders).

Balance sheet figures also have some flexibility in the process of their formation, and in the course of their perception of the host country. Availability presentable reporting indicators, although playing a prerequisite for a bank employee, but can, to some extent, ignored in view of the availability of real guarantees and collateral the credit. One significant drawback of financial leverage, especially in comparison with the investment, is the presence of well-defined terms of their return.

The need to manage accounts payable follows from the fact that the skillful use of borrowed funds temporarily maximizes profits from the activities of the organization.

Accounts payable includes:

- Right choice form of debt (bank or commercial) to minimize interest payments and costs of acquiring wealth;
- Establish the most convenient form of a bank loan and its term (short-term loan without collateral, credit bail);
- Prevention education arrears associated with additional costs (fines, penalties).

### **3.2 General introducing 1C: Enterprise 8.3**

1 C: Enterprise - a versatile program for mass assignment of accounting automation. A typical configuration is a complete solution for automating most areas of accounting. Includes configuration for keeping track in self-supporting organizations. For accounting institutions and organizations, consisting on a budget designed separately supplied configuration "for budgetary organizations." 1C: Enterprise 8.3 can also be used with other (specially created) configurations

Procedure for the formation and composition of the indicators of tax registers implemented in the version 4.5 standard configuration 1C: Enterprise 8.3, consistent with the system of tax accounting Uzbekistan. Tax accounting registers allow you to analyze data from individual tax records of business transactions to the tax return lines. Upon registration of transactions in tax accounting program uses accounting data. This avoids re-enter data manually.

Documents produced during the reflection of business operations simultaneously in the accounting and tax accounting. However, there is an opportunity to reflect specific tax accounting transactions that are not recorded in the accounting records, for example, the transfer of the next reporting (tax) period expenses taken into account in a particular order. In the 1C: Enterprise 8.3 can automatically identify possible errors of tax accounting data by comparing the data of tax and accounting. 1C: Enterprise 8.3 allows you to automate the preparation of all primary documents: payment orders and other banking documents, invoice, delivery notes, invoices, credit and debit cash receipts, expense reports, powers of attorney and other documents

Tools for working with documents allow you to organize the input documents, their arbitrary distribution journals and search for any documents according to various criteria: number, date, amount, counterparty.

Advantages compared with 1C 8.0:

- 1C: Enterprise 8.3 is much cheaper than 1C 8.0 (as the cost of the product and the cost of subsequent implementation and maintenance);
- 1C: Enterprise 8.3 is simpler and more familiar than 1C 8.0 (8.0 1C since developed based on a fundamentally new platform 1C Enterprise 8.0, which differs from 1C: Enterprise 8.3, even visually);
- 1C: Enterprise is much less demanding on computer hardware than 1C 8.0

### **3.3 Credit and loan accounting in the 1C: Enterprise 8.3**

Instructions for using accounts:

To summarize the information about the state of short-term loans received by the organization is due to 6800 "Accounts of short-term credit and borrowings". According to table of accounts provided that the account open sub-accounts types of loans. In addition, subject to separate accounting:

- Short-term loans raised through the issuance and placement of bonds;
- Accrued amount of interest on short-term borrowings;
- Due payable, short-term loans are not repaid on time.

Analytical accounting of short-term loans conducted by kinds of credits, credit institutions and other creditors, to provide them.

To summarize the information about the state of short-term loans received by the organization, is due to sub conto 5110 "Calculation with long-term credit". Sub-conto accounts are opened to every types of credit. Besides that it inputted :

- Term loans raised through the issuance and placement of bonds;
- Amounts accrued interest on long-term loans due to be paid;
- Long-term credits not outstanding at the time.

Analytical accounting of long-term loans conducted by kinds of loans, credit institutions and other lenders that provided them, and individual loans.

**Data for the reporting.** In developing the model of credit accounting should take into account the fact that balances 66 "Accounting for short-term borrowings" and sub-conto 5110 "Calculation of long-term credits" are taken into account when preparing the accounting indexes.

Thus, to generate indicators of financial statements information about the accounts 6810 and 5110 need to be grouped with the release:

- Balance at the beginning and end of the period, and turnover for the reporting period of long-term and short-term loans;

➤ Balance at the beginning and end of the reporting period for the period outstanding at the time of short-term and long-term loans.

To account of the credit and loans in a typical configuration in 1C: Enterprise 8.4 uses the following objects. In the table of accounts to the account 6800 "Account of Short-Term bank credit and loans" it is opened sub-accounts:

- "Short-term credits (total)";
- "Interest of short-term credits (total)";
- "Short-term loans (total)";
- "Interest of short-term loans (total)";
- "Short-term debts for bonds";
- "Settlements with banks according to accounting (discounted) of short-term obligation".
- "Short-term credits (in foreign currency)";
- "Interest of short-term credits (in foreign currency)";
- "Short-term loans (in foreign currency)";
- "Interest of short-term loans (in foreign currency)".

To account 7800 "Calculations of long-term credit and loans" it is opened the following sub-accounts:

- "Long-term credits (total)";
- "Interest of long-term credits (total)";
- "Long-term loans (total)";
- "Interest of long-term loans (total)";
- "Long-term debt of the bonds";

- "Settlements with bank according to accounting (discounted) of long-term obligation;
- "Long-term credits (in foreign currency)";
- "Interest of long-term credits (in foreign currency)";
- "Long-term loans (in foreign currency)";
- "Interest of long-term loans (in foreign currency)."

Analytical accounting for accounts 6800 and 7800 it is organized by sub - conto "contra agents" as a type of reference "Contra agents" and sub conto "Agreements" as a type reference "Contracts". Analytical accounting of objects according to sub conto "Contra agents" are credit institutions and other lenders that providers loans.

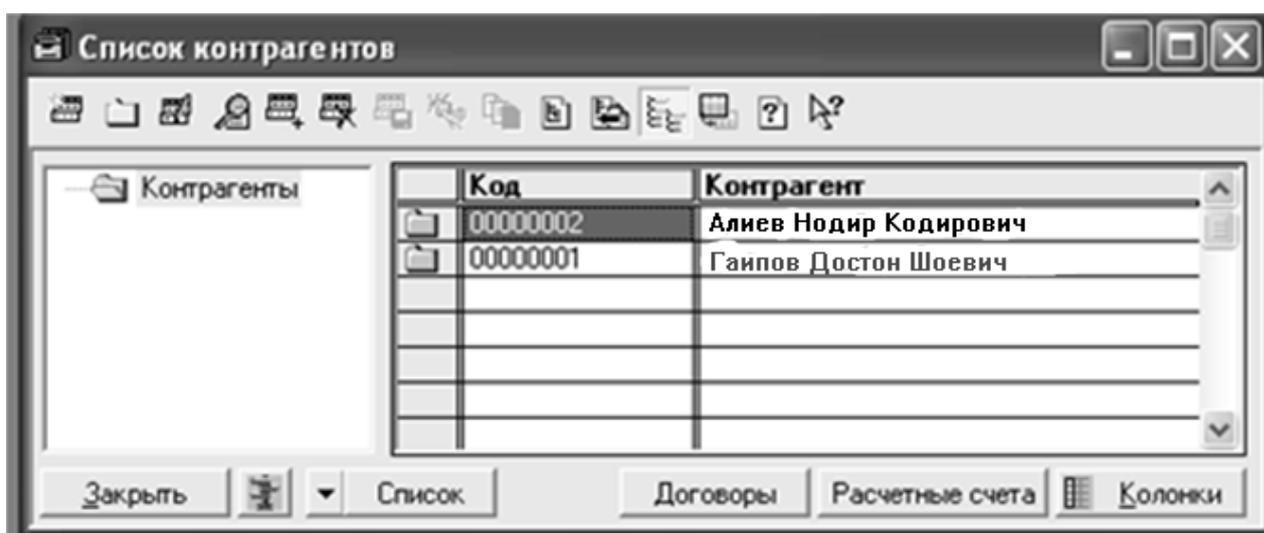
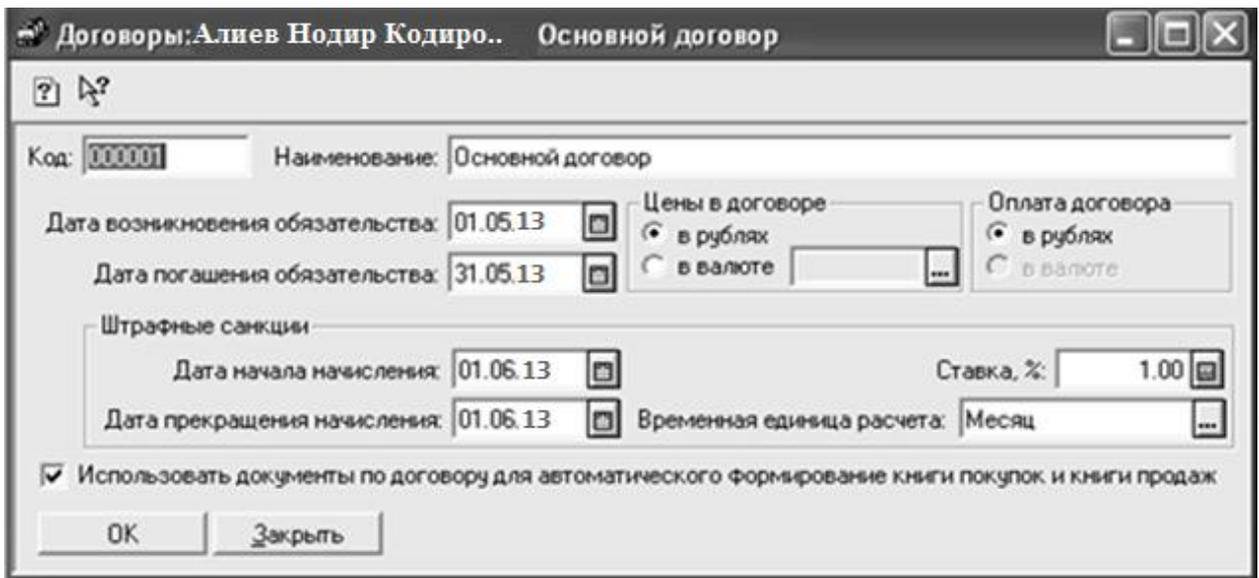
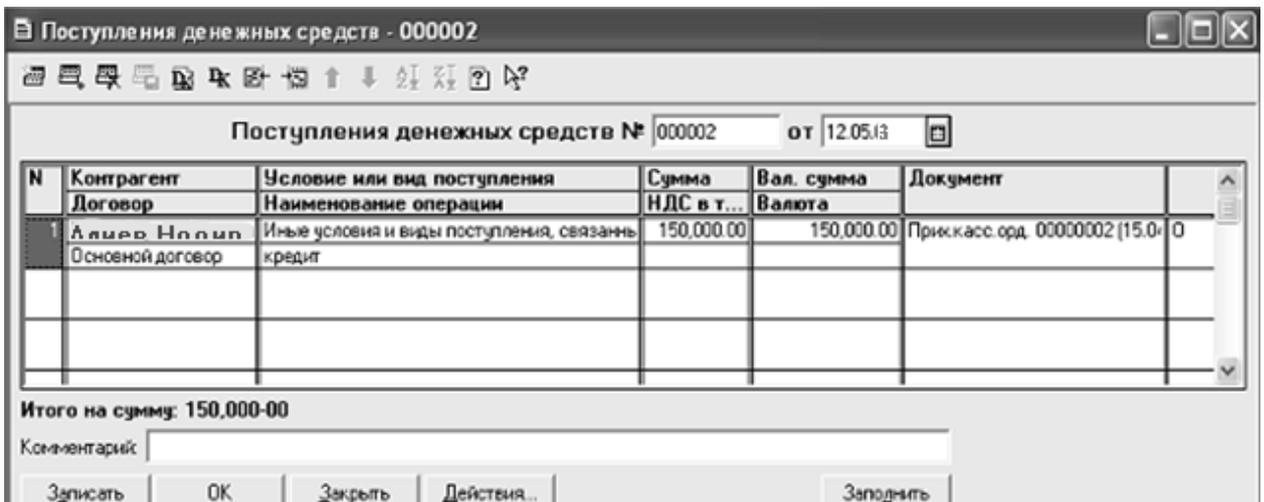


Fig. 2 Directory "Contra agents"

Objects of analytical accounting according to sub conto "Contracts" are contracts for which are given credits. In the details of "Maturity Date" and "Date of obligations" shall specify the period for which loans are presented. (Pic. 2.)



Pic. 3 Directory "Contracts"



Pic. 4 Document "Cash flows"

As you can see automation of accounting brings more profit. Cut expenditures of credit is one of the most important thing that must be defined in diploma work. Here are seven effective methods to cut credit expenditures. They can be used in practice. Each of us, at least once in life, regretted for something. And as often you were angry with yourselves for registration of the credit which now your purse regularly exhausts. Every day, a large number of carefree people take the credits in a hurry, giving in to a sudden rush, forgetting about percent, overpayments and monthly letters of happiness. And here comes to pay time bills, and we so don't have the wizard who having waved a scarf will lower an overpayment on the credit

to a minimum amount. Though there are some methods by means of which it is possible to keep terribly earned, having overpaid less. Some of these methods will be useful to those who think over loan registration, others will help with loan repayment process.

### 1. Visit to the loan broker

In the market of the credits, not so long ago, there was a new service — credit consulting. The majority of people hears about it for the first time and therefore prefers to choose and arrange the credits independently, without addressing to specialists in this sphere. But it is necessary to pay tribute to brokers – they well know the case and keep in contact with banks of your region. These factors help them in the shortest terms, without obstacles to obtain a loan for the client, having kept it money by means of advantageous conditions of crediting. Having trusted in professionals, you obtain the desired credit on good conditions and keep nerves.

### 2. Increase in the amount of the initial contribution

In some state and commercial banks the excellent rule works – you bring in case of credit registration more – you overpay less, after all in that case the creditor will reduce to you an interest rate. Now you understand why the most expensive credits are the credits without the initial contribution. Consultants for finance recommend addressing in bank only when you will be able to bring 25-30% cash. This fee will serve as a merit for adoption of the positive decision and will save to you money.

### 3. Early repayment

Standardly, the amount of a monthly payment consists of part of the main amount of debt and percent on the credit. It is logical to draw a conclusion that the quicker you will repay a debt, the less percent you overpay. Certainly, in that case, the creditor loses part of the income and can demand it back, entering sanctions. In case of loan registration, surely attentively read the agreement and specify

possibility of early repayment of the credit.

#### 4. Mortgage loan security

You couldn't but notice that from all various credit products the most profitable interest rates offer on a mortgage. It easily is explained not by a large sum of the credit and not long repayment periods, and confidence of bank of return. After all providing a mortgage bank already has pledge your apartment or the house. But not only the mortgage can be profitable. Pledge in the form of real estate, a car or business will increase your chances of receipt of the large amount with small percent.

#### 5. Purpose-oriented loan

Cash loan, probably, the most delicious and desired in the market of loans. But for bank such credit is integrated to risk, after all the creditor doesn't know, on what money is necessary to you and whether you will be able to return them. For this reason, interest rates on cash loan the highest. It is much more profitable to buy goods in shops in which there are representatives of creditor banks — you will be able to choose the most optimum conditions and percent will be lower, than on a cash loan.

You shouldn't forget and about shares with payment by installments, with low interest rates are conditions which are offered by owners of shops for sale of the goods. In the period of such offers are happy all: the shop sells products, bank receives the client, and you become the owner of desired things with the minimum overpayment.

#### 6. Credit refinancing

It is worth thinking of possibility of refinancing to you if you took the credit during crisis or you have some credits in different banks. Upon, this capture of the new credit for return old with smaller interest for using. Plus of such transaction

and that it is simpler to pay off one debt, than a little. Refinancing loudly sounds, but it isn't so difficult to arrange it.

#### 7. Credit on favorable terms

You don't trust all new? You are frightened by unfamiliar banks and their interest rates? Probably, you should pay attention to the bank which plastic map you use. It can be the payroll, credit or deposit card, not important, the main thing you are the client of bank. So hard and expensively to catch new clients, and here old they more reliably, and already yours – so argue in banks. In banks is, so-called, – loyalty programs, they are created special for regular customers and include low rates on credit products, preferential terms of registration, idle time and available service. To obtain the credit easily and quickly, and the main thing is profitable possible in the checked bank structures.

## **Conclusion**

In result of our study suggest the following conclusions: we gave the notion of a credit and loan in the broadest sense of the word. How it is the credit agreement and the loan agreement. We also have done clear what the subject of the agreement as a credit and the documents required to enter into this agreement.

We noted that credit enables organization and people to obtain goods o services even if they do not have enough money to pay for them right away. For example, a person who cannot immediately pay the full price of an asset may purchase on credit.

The word credit comes from Latin word credo, meaning “I trust”. Moneylenders trust borrowers to pay them back sellers extend credit to buyers because it increases sales and, ordinarily, the buyers pay interest. Buyers are willing to pay interest for credit because in this way, they can use things they want while they are still paying for them.

A credit establishes the extent to which a person or company can buy on credit or borrow money. Factors that contribute to a credit rating include income, financial reliability, and records of previous credit transactions.

Accounting of credit calculations - this is quite important and difficult area of accounting. In the system of accounting settlements of credit and loans are formed the necessary information for operational control debt on credit and loans, which is also an important task for any organization.

The practical significance of the work lies in the formulation characteristics of the organization of accounting and taxation payments on borrowings by systematizing literature and regulations, review of accounting and tax credits and loans for example, a specific organization.

In this paper we solved the following problems:

- ✓ Defines the essence of credits, the classification of credits and loans;

- ✓ Considering a system of legal regulation calculations on loans;
- ✓ Highlights the major changes in recent years legislation governing the accounting for payments on loans;
- ✓ The methodical aspects of accounting calculations on loans;
- ✓ Considering a system of accounting and taxation payments on loans in the organization.

As a powerful means of promoting economic development, crediting and target financing needs correct accounting. Proper accounting operations of this kind, you can better know the financial position of the enterprise, the effectiveness of the use of borrowed funds and lending practices.

In this qualification work the questions excluding loans denominated in amounts. In reviewing the accounting credit operations shows how records should be maintained, that is correct accrual of interest on the loan and repayment. If the accounting of the company is conducted correctly, so the company shows the true size of its debt.

The accuracy and reliability of accounting loans allows the head of the enterprise to make the right decisions to change the volume and structure of credit and loans. Also allows to analyze the profitability of the taken funds.

Correct Accounting allows you to select the most suitable view of obtaining additional funds for the enterprise. We have shown how to account for interest of credits in accounting of organizations and others that considered as small business subject. According to notes it is clearly accounting how records should be maintained, that is correct accrual of interest of credit and repayment. If the accounting of the company is conducted correctly, so the company make note the true size of its obligation. The accuracy and reliability of accounting credits allows the head of the enterprise make the right decisions to change the volume and structure of loans. Also allows you to analyze the profitability of the funds received.

We have shown how can keep a record of credits on the basis of "1C: Enterprise" version 8.3. 1C: Enterprise 7.7 - a versatile program for mass assignment of accounting automation. A typical configuration is a complete solution for automating most areas of accounting, including accounting and loans.

Thus, the role of proper accounting credit is increased to company accounting. The correctness and accuracy of accounting credits depend on their knowledge of the management of the enterprise, volumes of their structure. They allow to make the right decisions, to change these characteristics, to analyze the profitability of the funds received, etc.

Correct Accounting will further choose the most convenient and profitable view of obtaining additional funds for the enterprise.

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## APPENDICES