

FEATURES OF FORMATION AND ACCOUNTING OF AUTHORIZED CAPITAL

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Annotation: This article explores the economic and legal essence of authorized capital, its formation sources and methods, and the accounting procedures involved. Special attention is given to the requirements of the legislation of the Republic of Uzbekistan regarding authorized capital and the practical challenges faced during its formation.

Keywords: authorized capital, charter fund, founders' contribution, shares, accounting, equity, organizational form.

Authorized capital is the financial basis of any business entity. It is necessary for the enterprise to start its work, fulfill its debt obligations and ensure its responsibility to investors. The formation and proper accounting of authorized capital are important for the efficiency, financial stability and reliability of the enterprise.

Authorized capital is a set of property, funds or other assets provided by the founders (individuals or legal entities) when a legal entity is established, which is determined by the organization's charter. The size of the authorized capital indicates the reliability of the enterprise in relation to external investors and lenders.

Authorized capital serves as:

- the main financial source for starting an enterprise;
- a means of determining property relations between the founders;
- a criterion that determines the limit of liability for the obligations of the enterprise;
- an element indicating the financial strength of the organization in the reports.

Authorized capital is formed from the following sources:

- Cash (in national or foreign currency);
- Property (buildings, machinery, vehicles, equipment);
- Intangible assets (patents, licenses, intellectual property rights);
- Securities (shares, bonds, etc.).

Depending on the form of organization, the approach to authorized capital differs:

- In a limited liability company (LLC) - the share of the founders is clearly indicated and they are liable in the amount of their contribution.
- In joint-stock companies - the authorized capital is represented by shares and is managed through the market mechanism.
- In state-owned enterprises - the authorized capital is formed at the expense of state property.

Authorized capital is reflected in accounting as follows:

a) Initial formation:

Debit: 46xx – Debtors (founders' contributions)

Credit: 85xx – Authorized capital

b) When adding funds:

Debit: 51xx – Bank account number

Credit: 46xx – Accounts receivable

c) When adding equipment:

Debit: 10xx – Fixed assets

Credit: 46xx – Accounts receivable

In cases of changes in the authorized capital (increase or decrease), the corresponding accounting entries are also made.

An increase can be as follows:

- by making an additional contribution;
- reinvestment (at the expense of the enterprise's profit);
- by accounting for the assets of the merged enterprises.

Reasons for reduction:

- exit of the founders;
- optimization of capital;
- the need to compensate for losses.

These cases require amendments to the charter of the enterprise and state registration of this.

In Uzbekistan, several problems are observed in the formation of authorized capital by business entities:

- Non-transparent valuation of real assets;
- Failure of founders to make contributions on time;
- Sometimes contradictory or unclear legislation;
- Subjectivity of valuation when adding assets to capital.

Also, the minimum capital requirement for small businesses is determined, which negatively affects their financial stability.

Conclusions and proposals. The correct formation of authorized capital and its accurate reflection in accounting are important tools for strengthening the legal basis of the enterprise's activities, instilling confidence in external investors, and ensuring financial control. This capital serves as a guarantee of the stability of the enterprise. The following proposals have been developed:

1. Standardization of assessment procedures for the formation of authorized capital;
2. Review of the minimum amount of authorized capital and its adaptation to the specifics of the industry;
3. Clarification of the legal status of types of property when forming capital;
4. Introduction of a system for continuous monitoring of the status of authorized capital;
5. Development of practical manuals for accountants in accordance with international standards for accounting for authorized capital.

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