

THE ACCOUNTS OF RECEIVABLE AND PAYABLE IN CONSTRUCTION ORGANIZATIONS

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Abstract

This thesis covers the issues of receivable and payable in the construction enterprises of our country, their compilation and accounting procedures, and the issues of applying International financial reporting standards in this direction.

Keywords: economic entity, financial result, receivable and payable, obligation, debtor, property rights, IFRS, NAS.

In modern economic conditions, an important element of the financial and economic activity of any economic entity, including organizations in the construction industry, is obtaining a positive financial result, the amount of which is influenced by receivables and payables, which are an integral component of commodity-money relations formed between suppliers and customers in as a result of construction and sale of real estate. Traditionally, accounts receivable in the form of funds received in the process of selling both real estate during construction and after its commissioning act as a means of repaying accounts payable. The timely receipt of financial resources to the accounts of suppliers by paying off obligations on accounts receivable, as well as attracting credit resources at a cost more attractive than equity capital, enable organizations to reduce costs, improve performance and, as a result, increase financial results, solvency and financial stability [1].

Another feature of receivables and payables is the multiplicity of types of estimates (for example, reduced, fair) and methodological approaches for certain types of accounting in accordance with national accounting standards (here in after referred to as NAS) and IFRS within the framework of accounting and economic approaches [2].

An additional feature of receivables and payables when considering them from the accounting aspects of possible causes (for example, due to the transfer of goods, works (services), property rights, etc.), and from the standpoint of organizing control over their return under concluded contracts (for example, normal, overdue, hopeless) lies in the multiplicity of its types. At the same time, the “set” of such debt in each organization is individual and can vary depending on the economic situation, influencing the organization of analytical accounting, control of the formation and status of debt.

Thus, based on the established and disclosed features of receivables and payables within the framework of an integrated approach, which allows us to expand the understanding of this

definition as an object of accounting and control, we believe that the general interpretation of these concepts can be presented as follows:

- accounts receivable is the obligation of the debtor to the organization in the form of a debt that arose in the process of economic relations with them within the framework of the production and commercial cycle for work performed for it, services provided, materials and goods sold, documented, signed and confirmed by invoices and acts of completion works, but not paid, including advances issued to contractors and employees, upon the return of which, in accordance with the concluded agreement, it is expected to receive funds / other expenses and a change in the value of part of the property. Work that has been completed but not accepted in documentation does not generate receivables.
- accounts payable is part of the organization’s property, which represents the subject of various obligations to legal entities and individuals for materials, work and services received from them, documented, signed and confirmed by invoices and certificates of work performed, but not paid to counterparties, including advances received from counterparties who have the right to demand its collection in accordance with the concluded agreement, as a result of which the expected outflow of funds / other income and a change in the value of part of the property.

Work completed but not accepted by the customer does not incur any accounts payable until the initial documents are signed. If the customer refuses to accept the work while it is being completed, the dispute will be settled only in court with the involvement of an independent assessment to confirm and evaluate the completion of the work [3,4].

Accounts receivable and payable carry the existence of contractual obligations between employees, contractors and customers, regulatory authorities, organizations and suppliers, which are regulated by the Civil Code of the Republic of Uzbekistan; Labor Code of the Republic of Uzbekistan; tax obligations, regulated by the Tax Code of the Republic of Uzbekistan. In this regard, for business entities in construction activities, it can be classified in accordance with legal regulations (Table 1)

Table 1. Grouping of receivables and payables in accordance with legal norms

Types of obligations	Legal norms
Account 6010 “Settlements with buyers and customers” Account 6900,7900 “Settlements with various debtors and creditors” Account 7800 “Calculations for loans and borrowings”	the Civil Code of the Republic of Uzbekistan
Account 6700 “Settlements with personnel for wages”	the Labor Code of the Republic of Uzbekistan
Account 6520 “Calculations for taxes and fees” Account 6510 “Calculations for social insurance and security”	the Tax Code of the Republic of Uzbekistan

The main types of accounts payable for construction business entities engaged in housing construction are debts to suppliers of materials and services and contractors. When purchasing materials (works, services) with a payment schedule on the terms of subsequent payment, the developer is credited interest-free in the amount of the transaction from the moment of receipt of materials and services until the moment of payment to suppliers and contractors [4,5]. If the agreement for this transaction does not stipulate the conditions commercial lending, the developer receives from the supplier not just a loan, but a free loan. Detailed classification of receivables and payables, taking into account different approaches to its interpretation (legal, accounting, tax, economic, managerial), which makes it possible to develop such analytics of accounts that will perform built-in control functions directly in the process of recording the facts of economic life and will not make it possible to go beyond the planned, estimated indicators.

Conclusion

The use of international standards in the formation of financial results in construction enterprises serves to provide them with transparent, accurate and more complete and perfect information to external users. Of course, along with the implementation of international standards, construction companies will be encouraged to increase their assets and sign various international agreements.

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