

ACCOUNTING FOR RECEIVABLES AND CREDITOR LIABILITIES PERTAINING TO EXTRA-BUDGETARY FUNDS IN BUDGETARY ENTITIES

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ABSTRACT

This article delves into the dynamics of budget organizations, specifically focusing on the theoretical examination of the inception of receivables and creditor liabilities linked to the mobilization and allocation of external resources. Within the framework of budget organizations, we elucidate the foundational principles of accounting for receivables and payables arising from extra-budgetary funds. Given the diversification and complexities inherent in extra-budgetary funds, we explore the prevailing state of affairs concerning the ledgering of receivables and payables. We also pinpoint and organize the methodological challenges encountered in the development of information on accounts receivable and creditor obligations tied to financing avenues within budget organizations. To enhance the accounting methodologies of such receivables and payables, the article proffers a gamut of scientific suggestions and actionable recommendations.

KEYWORDS: budget organization, extra-budgetary funds, debtor obligation, creditor obligation, financial report.

INTRODUCTION

Following a pivotal resolution by the Cabinet of Ministers of the Republic of Uzbekistan, titled "On Enhancing the Funding Mechanism for Budget Organizations," a door has been opened for all institutions to establish extra-budgetary funds [1]. This progressive decision means that, based on their specific areas of operation, budgetary entities can now introduce diversified revenue channels. These channels can range from the collection of legislated fees, the development of various extra-budgetary reserves, to the formulation of dedicated financial repositories.

Such an innovative approach to permitting the creation of extra-budgetary funds not only paves the way for budget organizations to grow and adapt but also amplifies the intricate web of financial management. This entails a broader spectrum of financial computations, specifically concerning the accrual and deployment of these resources, encapsulating both accounts receivable and payable. In light of these evolving dynamics, it becomes imperative to undertake comprehensive research on the accounting methodologies for tracking receivables and payables associated with these supplemental budgetary funds in organizational settings.

LITERATURE REVIEW

Budgetary institutions have always been of paramount interest to researchers, primarily due to their distinctiveness in accounting for settlements with creditors. This subject matter, owing to its multifaceted nature, intertwines with nearly all accounting facets within budget organizations, such as executing estimates and tracking incomes and expenditures. Consequently, it's imperative to understand the interplay between accounts of receivables and payables and the processes governing the formation and expenditure of extra-budgetary funds.

A deep dive into international scholarly works reveals nuanced dimensions. M. Volchkova, for instance, accentuates that payable debts in a budget organization refer to what the institution owes to other bodies, its employees, and the designated creditors. These could span debts for acquiring tangible assets, goods, services, and obligatory payments like salaries, contributions to the budget, extra-budgetary funds, and social funds. Distinct debts emerging from diverse operations are labeled as obligations to other creditors [5].

I. Porobeva underscores the pivotal role of leaders in scientific budget and autonomous institutes. Such heads are not only administratively but also criminally, disciplinarily, and materially accountable for their

decisions. Crucially, they must vigilantly oversee overdue debts. A lapse in this duty, leading to debts surpassing permissible limits, can result in the termination of their contracts [6].

Turning our attention to domestic scholars like A. Ibragimov, M. Ostanakulov, S. Mehmonov, and A. Ostonokulov, one discerns perspectives centered on the nuances of accounting for receivables and payables in budget accounting and the articulation of extra-budgetary funds.

A. Ibragimov, in his treatise, posits that a budget organization's entry of supplier contracts in its treasury not only attests to its solvency but also ensures payment to suppliers upon contract completion [7]. M. Ostanakulov and S. Mehmonov have expressed parallel views, emphasizing an organization's obligations stemming from its engagements with other enterprises and its due to the budget, extra-budgetary funds, and employees [8][9]. A. Ostonokulov, honing in on the accounting and reporting methodologies for extra-budgetary funds, has shed light on the obligations of social sector entities [10].

A conspicuous gap in these studies, however, is the absence of an isolated investigation into the fluctuations in receivables and payables vis-à-vis extra-budgetary funds in the realm of budgetary organizations.

RESEARCH METHODS

This study harnesses a plethora of techniques including abstract-logical reasoning, induction, deduction, a systematic approach, monographic observation, and economic analysis to achieve its objectives.

ANALYSIS AND RESULTS

During the operations of budget organizations, transactions are conducted with employees, scholarship recipients, both budgetary and extra-budgetary funds, and a range of other debtors and creditors. Such transactions give rise to accounts receivable and accounts payable (refer to Figure 1).

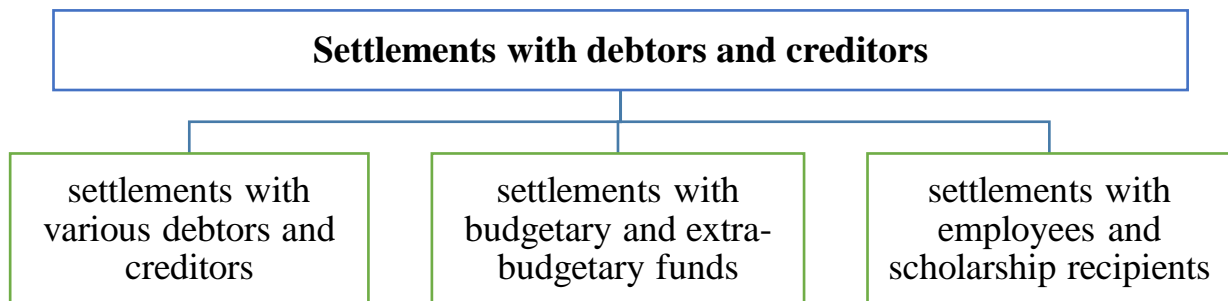


Figure 1. Composition of Accounts for Debtors and Creditors within Budget Organizations

Liabilities generated during the operations of budget organizations are depicted in accounts as either receivables or creditor obligations, as illustrated in Figure 1. It's essential to distinguish between receivables or creditor obligations that stem from the budget organization's funding sources. Specifically, there's a need to distinctly identify and reconcile receivables and payables based on budget and extra-budgetary funds. Moreover, the accounts of receivables and payables in budget organizations are intrinsically linked to both income and expenditures (both actual and cash outflows) as well as cash flows.

It's evident that the proportion of non-budgetary funds in financing budget organizations has been on an upward trajectory annually. This growth underscores the significance of accurately accounting for receivables and payables tied to extra-budgetary funds in these organizations. As such, there's a heightened emphasis on meticulous accounting practices in this domain. This backdrop necessitates a focused exploration into the accounting of extra-budgetary funds.

When analyzing the current state of extra-budgetary fund accounting within budget organizations, this can be represented by Figure 2.

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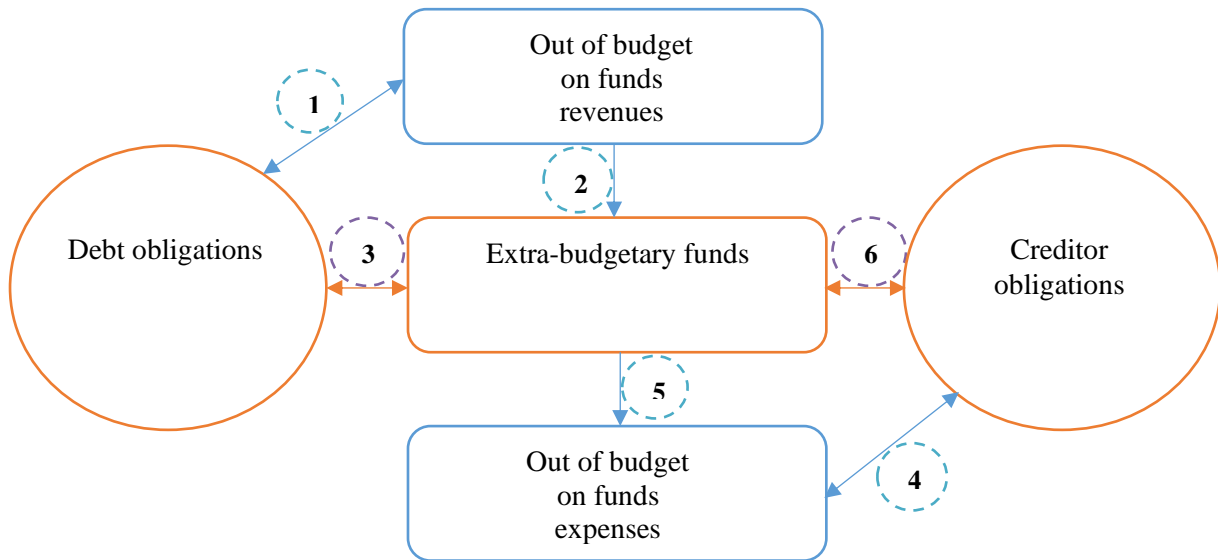


Figure 2. Evolution and Reconciliation of Receivables and Creditor Liabilities related to Extra-Budgetary Funds in Budget Organizations

The illustration captures the comprehensive process involved in the calculations for extra-budgetary funds within budget organizations. Specifically, it outlines:

1. The generation of revenues linked to extra-budgetary funds when receivables are present;
2. The realization of income from extra-budgetary funds when there's a cash inflow;
3. The acquisition of funds through the collection of outstanding receivables;
4. The onset of expenses linked to extra-budgetary funds when creditor obligations arise;
5. The manifestation of expenses from extra-budgetary funds upon disbursing funds;
6. The outflow of funds consequent to settling creditor liabilities.

Both the revenue and expense phases have intrinsic ties to receivables and payables. With this foundational understanding, our focus will pivot towards a detailed exploration of the accounting for accounts receivable and payable. To differentiate between these two aspects, budget organizations maintain the Form No. 285 titled "Circulation record" (see Table 1).

Table 1
Accounting for Receivables and Creditor Liabilities Related to Extra-Budgetary Funds in Budget Organizations¹

T/r	Indicators (calculations)	Balance at Start of Month		Monthly Turnover		Balance at End of Month	
		debit	credit	debit	credit	debit	credit
1	Organization that supplies goods		2000.0	1800.0	2400.0		2600.0
2	Service organization		1500.0	1200.0	800.0		1100.0
3	Customers	4000.0		2000.0	3200.0	2800.0	
...							
	Total	4000.0	3500.0	5000.0	6400.0	2800.0	3700.0

The purpose of this form is to meticulously track calculations associated with each account receivable and each creditor liability. Both the active and passive accounting ledgers are employed to delineate between the receivables and payables during the calculation phase. Beginning and ending debit balances for the month signify accounts receivable, whereas the credit balances at the month's start and conclusion indicate accounts payable. A debit turnover within the month typically denotes a rise in receivables and a reduction in creditor liabilities. Conversely, a credit turnover suggests a decrease in receivables and a growth in creditor liabilities.

Thus, this Form No. 285, labeled as "Circulation Record," is instrumental in aggregating analytical data, forming a cohesive narrative on the emergence and settlement of receivables and payables within the

¹Compiled by the author on the example of a research object

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organizational accounting framework. It's imperative that accounts receivable and payable liabilities are concurrently recorded in this "Circulation Register" as well as in the respective account forms and ledgers, all based on the originating documents.

Form No. 285 "Circulating Account" in accounting for budgetary and non-budgetary funds of budget organizations requires separate management of each funding source and the need to form accounting information on receivables and payables.

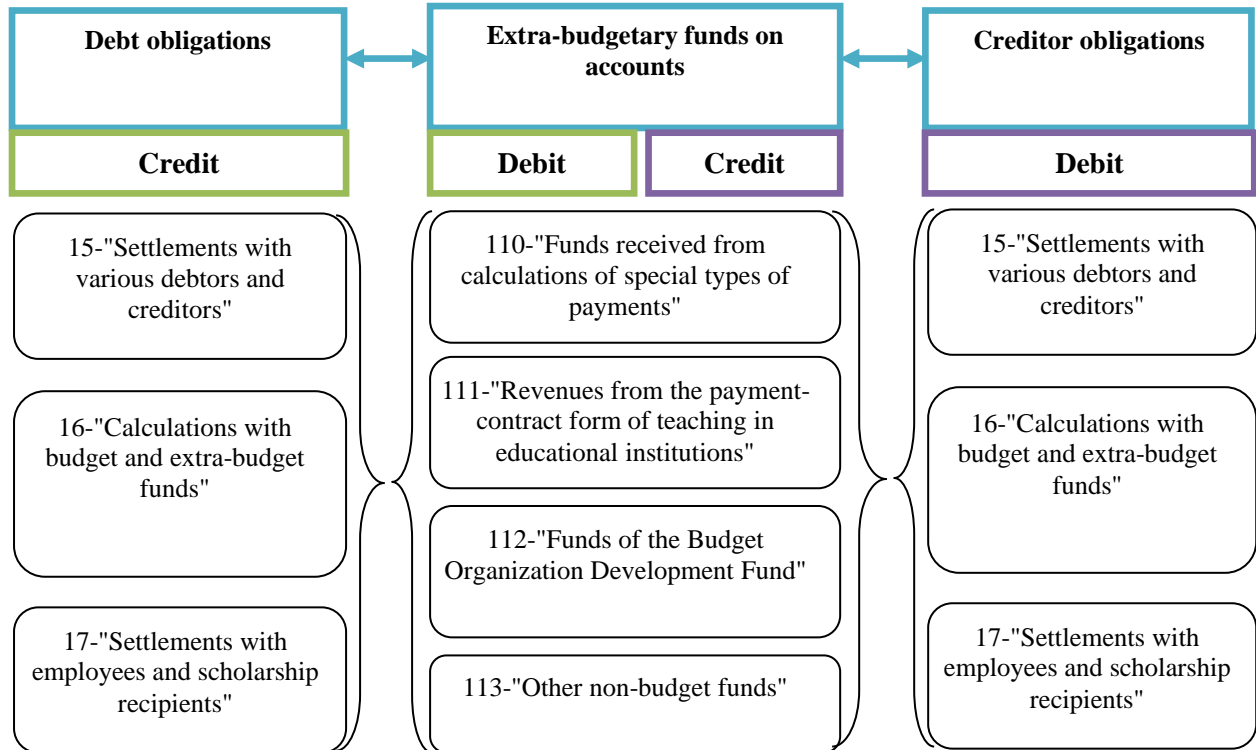


Figure 3. Representation of Accounts for Receivables and Liabilities Associated with Extra-Budgetary Funds in Budget Organizations

Accounts receivable and accounts payable are inextricably linked. Since both obligations are related to funds, their calculation is carried out. Funds received as a result of collection of receivables are used for payment of creditor obligations. These aspects are specific to each extrabudgetary funds. Summarizing the information in figures 1 and 2, the calculation of receivables and creditor obligations for extra-budgetary funds can be expressed in the form of figure 3.

In budget organizations, the next distinctive feature of accounting for receivables and payables due to extra-budgetary funds is noticeable. In this case, extra-budgetary funds in the accounts are allocated to separate accounting accounts from the point of view of consideration. Accounts receivable and accounts payable are grouped by type, but not by source of funding.

This causes a number of difficulties in the formation of analytical accounting information in accounting for accounts receivable and creditor obligations for each extra-budgetary funds. In order to overcome these difficulties, it is being implemented in higher education institutions by opening working accounts that take into account receivables and payables for extra-budgetary funds.

Performance of budget organizations' income and expenditure estimates for extra-budgetary funds, its calculation and indicators of financial reports on the movement of funds are also considered directly related to calculations of receivables and payables. In particular, if the generation of income from the receipt of extra-budgetary funds and the collection of receivables lead to an increase in extra-budgetary funds in the accounts, advances to suppliers and contractors, budgetary and extra-budgetary funds, employees and scholarship recipients (nak) payments and payment of obligations reduce extra-budgetary funds in the accounts. These situations arise during the execution of estimates for extra-budgetary funds,

The following controversial and problematic situations related to accounting for extra-budgetary funds of budget organizations can be cited:

Accounts accounting for receivables and payables are defined in the same form. That is, "... 15-"Calculations with various debtors and creditors", 16-"Calculations with budget and extra-budgetary funds", 17-"Calculations with employees and scholarship recipients" accounts are both active and passive accounts" [11]. This situation requires additional calculations in accounting and ensuring the compatibility of indicators of accounting forms and registers. It creates difficulties in the formation of current information on calculations of extra-budgetary funds.

Since the sources of financing of budget organizations are implemented at the expense of budget and extra-budgetary funds, it was noted above that working accounts are used for separate accounting of receivables and creditor obligations for each source of financing. In the accounting policy of budget organizations, this situation is implemented independently, and working accounts are kept in the desired form according to funding sources. This hinders the generalization of the information on accounts receivable and creditor obligations of the organizations in the system of ministries, offices and committees in the current period.

CONCLUSION

The genesis of receivables and payables within budget organizations is intricately tied to the execution of estimates. Moreover, as the formation and expenditure processes of extra-budgetary funds evolve, calculations related to receivables and payables come into play. Given this relationship, one can argue that the accounting for extra-budgetary funds is seamlessly interwoven with the ledger of debtors and creditors.

With regards to the management of receivables and payables stemming from extra-budgetary funds in budget organizations, it's vital to address and implement the following scientific suggestions and practical recommendations:

1. **Analytical Oversight:** Ensure meticulous analytical control within accounting departments to guarantee timely fulfillment of obligations, ensuring a structured organization of the account.

2. **Account Segregation:** Receivables and payables should be mirrored in distinct accounting ledgers. Specifically, there's a need to precisely characterize the schema of operational account plans in the accounting policy and adhere to this schema scrupulously during the accounting journey.

3. **Legal Compliance and Obligation Management:** Organize accounting for receivables and payables in alignment with prevailing legal mandates. Simultaneously, instate measures to avert the accrual of overdue liabilities.

4. **Account Documentation:** Establish clear guidelines in the accounting policy regarding the accurate and timely reflection of accounts in the accounting documents.

5. **Financial Statement Coherence:** For receivables and payables due to extra-budgetary funds in budget organizations, it's imperative to ensure the alignment of financial statements and their respective metrics with the data from analytical accounts.

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