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Research Article

Customer Accounts Creation By Means Of Foreign Experience

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ANNOTATION

Finding the right customers in new markets, and selecting the right key accounts can be tricky if one does not have a strategy and a plan to engage them. In this article**,** the main peculiarities of foreign experience in creating accounts are thoroughly clarified. Classifying accounts receivable of foreign countries, as well as running it through accounting and presenting in finance accounts in different countries are presented.

Key words: reserves, account, conditional obligation, conditional, contingent asset, debt, debts of crediting contracts, obligations, financial accounting.

INTRODUCTION

Throughout Uzbekistan, systematic initiatives are being held on monitoring, strengthening the payment decorum and reinforcing responsibility in the Finance scope. Nowadays, it is clearly seen that there are more debt cases as a result of poor management and classification in the Finance domain.

In compliance with the case of March 1, 2020, the overall rate of accounts receivable and payables has been proliferated pertinently by 16 and 13 % if compared to last year. Outdated accounts receivable has descended by 60 % comparing to the beginning of the year; however, it is 2,7 % more than the previous year. Overall, the preponderance of accounts receivable amount is comprised by the Energetics complex. The debility rate in this sphere has been recorded by 16 % rise, particularly, 13.7 % in Car Industry and Cotton Reproduction, 20 % in Construction and Transportation. The expired debt rate of the previous year in "O'bekneftegaz" and "O'ztransgaz" Join Stock Companies constitutes 341 billion Uzbek sums. The index of accounts receivable in "O'zavtvosanoat", "O'zbekiston Temir Yo'llari", and "O'zkimyosanoat", Joint Stock Companies, is remaining the same with high rates [14]. The absence of specific amounts in production and realization in Finance domain, e-cooperation and information exchange in governmental spheres, the deficiency of debt collection and the liability by officials and citizens are considered to be the main reasons for debt derivation.

MATERIAL AND METHOD

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Accounts receivable plays a requisite role in customer accounts sorting; therefore, it is deemed vital process to organize and create it.

Accounts receivable is debts of people from the company which is considered as the company's property, precisely, it is the right to obtain some sorts of money (goods or service) [5].

Obligation is a case resulted by previous events which exists right now and it is expected that the resources of financial benefit will exit from entrepreneurship by ridding the obligation [3].

There are a number of diverse notions on the case presented by economists. To illustrate, in accordance with Khoshimov B, "The obligations of subjects are the result of prior attitudes or the disappearance of financial avail in the future or that end with the existence of new obligations" [9, 10, 11].

With respect to another economist, obligation is an indicator of debt that a company borrowed from another one, while the disappearance is regarded as the result of diminishing the assets of debtor enterprise and of economically pre-existing conundrums [7]. Account quality and its criteria fully meet the standard provided that the steps of creating consolidated accounts are made use of. Furthermore, it is claimed that identifying assets, capitals, obligations are attained through legitimate documents aimed at measuring investments which are given to subsidiary societies [4,].

Obligation encompasses credit debts, accounts receivable, assessed liabilities (reserves) and contingent responsibilities in terms of the National Account System. Accounts receivable is positioned in the active part of Accounting, whereas credit debts can be spotted in the passive section. Hence, we perceive only credit debts, habitually, when implying obligations. Imagining obligations as debts and considering them to be in bond with contingent liability is the foremost obligation discrepancy.

RESULTS

Creating backlogs for suspicious accounts receivable and for bad debts are of pivotal significance in the Accounting practice of our country simply because it is reckoned the alteration of working capital. As time goes by, the accounts receivable increase is linked to debt repayment probability. Additionally, it is not only correlated with enterprise claims but also with the adequate creation of Accounting and Legal services. Acknowledgement, classification and measurement of debtors are not identified in International Financial Reporting Standards (IFRS).

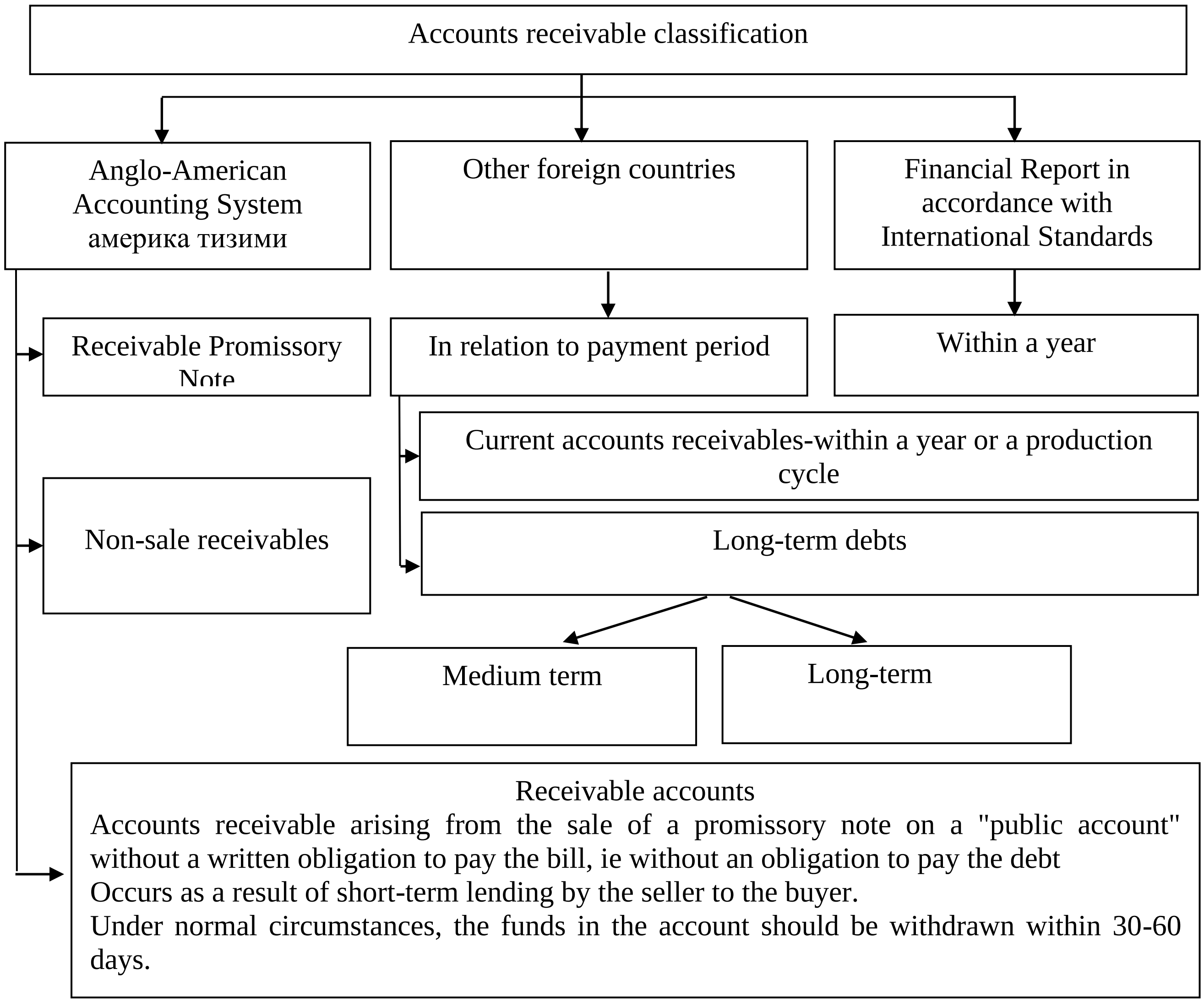

Image 1

The classification of accounts receivables in foreign countries.

When it comes to accounts receivable classification, there are regulations that are deemed general and not characteristically brutal in the Accounting sheet abroad. Long-term receivables are classified as current receivables in compliance with American GAAP Standard in the light of high-level liquidation [12, 13, 14]. In the process of accounts receivable consideration, debts can be transferred by third-parties which bring about decrease in receivables and even decent level of profit. The overall level of these regulations is put into practice by the enterprise itself when reflecting different account receivables on accounting sheets. Thereupon, accounts receivable content and form are differentiated in diverse enterprises besides the Ukrainian balance used for this article. Data of accounts receivable and sheet which are originated by enterprise staff and its branches are to be revealed separately in financial reports. Comparative classification of abroad accounts receivable is illustrated in the second table.

Table – 1 Methods of accounting for receivables in the United States

Methods of accounting for receivables in the United States
Guaranteed accounts receivables The owner of the receivable debtor gives the creditor's money a promissory note and takes mortgage. If he is
Purchase of Accounts Receivables The company may sell the right to receive money from receivables from a factoring firm. As a rule, these firms pay a commission of 1% or more of the amount of receivables purchased for their services.
Customer – takes the responsibility of money reception and loss probability. In this case, the cash account is debited in the amount of money received and the account "Accounts receivable" is transferred to the amount of transferred debt. However, the difference between these two values (payment for factoring services and other deductions) is reflected in the debit of the account "Losses from the sale of receivables on accounts"
Seller guarantee the payment in case a debtor ignores it (can not). In the United States, receivables may arise in the form of sales or debt under U.S. GAAP. Terms of sale subject to re-application: the party performing the transfer of receivables denies future economic benefits associated with it; the transmitter's compliance with the terms of liability can be assessed with a sufficient degree of confidence; the receiving party may not require the transferee to repurchase receivables. .

The reflection of accounts receivable abroad, especially, in Europe plays a vital role in financial reporting. In many cases, accounts receivable is grouped under the followings: accounts receivable and unsold receivables. In the balance sheet, settlements with debtors are shown at the lowest price: the starting value or the value in the balance sheet date indicator.

In the study course of receivables and payables, it is evident that accounts receivable, as a rule, arise from the actual outflow of cash and cash equivalents, and their reduction may be the result of the return or revaluation of cash and cash equivalents. Accounts receivable comes into existence when debt originates and is registered when receiving external asset and in the process of economic activity. For instance, tax calculation leads to debts in Accounting, alternatively, debts on wage is resulted by salary calculations and so forth.

Table – 2 Comparative Classification of Accounting receivables in foreign countries.

Disclosure in financial reports	
Accounts Receivables	
The Ukraine	Except for bad debt payments, accounts receivables are presented in a diachronic amount. The Reserve amount is indicated by the ability of particular debtors and the classification of accounts receivables.
Poland	Short-term receivables entail payment of all debts on delivery and services, not included in financial assets, but within 12 months from the date of settlement.
Russia	Accounts receivable are reflected in the balance sheet in the following items: a) accounts receivable (payments must be expected more than 12 months after the reporting date), including buyers and customers, receivables, branches and affiliates, paid advances, participants' debts, contributions to the charter capital (founders), other debtors; b) receivables (payments are expected within 12 months after the reporting date), enclosing buyers and customers, receivables, debts of branch and affiliates, debts on contributions to the authorized capital of participants (founders), advances paid.

Estonia	Accounts receivable are set out in three articles in accordance with the Accounting Law and the instructions in the balance sheet of the annual accounts: a) promissory notes not paid by the buyer; b) bills of exchange; c) doubtful accounts (with a disadvantage sign). Amounts not accepted by the recipients are included in doubtful expenses in compliance with Part 2 of Article 24 of the Accounting Act.
Belarus Republic	Accounts receivable are reflected in the balance sheet in the following items: a) accounts receivable (payments must be expected more than 12 months after the reporting date), including buyers and customers, receivables, branches and affiliates, paid advances, participants' debts. Contributions to the charter capital (founders), other debtors; b) receivables (payments are expected within 12 months after the reporting date), enclosing buyers and customers, receivables, debts of branch and affiliates, debts on contributions to the authorized capital of participants (founders), advances paid.
Germany	Accounts receivable in a foreign currency needs to be addressed thoroughly. Calculations with debtors are reflected in the balance sheet, as a rule, at the lowest rates of the initial value and the value of the exchange rate at the date of calculation. Unlike these calculations with debtors, the reverse rule applies to settlements with creditors. Hence, losses as a result of a change in currency are recognized, however, there is no gain. According to the latest changes in the legislation, receivables can be shown on the balance sheet at the exchange rate on the day of preparation, but the accounting methods should also be indicated in the explanatory letter.
IRFS	(International Financial Reporting Standards) Accounts receivables, considering gained experience, are insured by creating discounts for bad debts.

Energy Supply enterprises that forms the system could be taken into account on condition that the assessor Expenditure, income and comparative approach, 3 approaches of determining market value in identifying accounts receivable, need to be pertinently addressed. Before assessing receivables, fiscal circumstance of a debtor should be analyzed and afterwards, these three approaches can be applied in measurement of market value. Here, the cost approach used in estimating receivables on the last invoice until the date of valuation.

Considering the income approach, the market value of receivables is determined by multiplying the carrying amount of receivables by the discount rate. Despite the fact that demands of low liquidation and fluctuation of average price between 10-60 % are not stringent enough, the chance of getting information on debt requirements in different enterprises is possible. If there is no quotation for debtor demands, one needs to search for identical ones that represent it. Clearly, it is viable to choose optional creditors of a debtor as a similar enterprise. These potential buyers are found among the debtors is usually explained by the fact that they are interested in purchasing the receivable at a discount to repay the debts together with the debtor. If the debt of a debtor is not purchased in a market, one of his optional debtor can sign a contract implying purchase and making it cheaper. That is being said, potential clients make alternative demands for debtors. The loans of credit and receivables which are submitted to tax services by pertinent organizations can include the list of creditors is unable to make use of who are usually deemed as debtors. In most cases, these companies decide the price of debt obligations as natural monopolists.

DISCUSSION

The payment of a potential client that was aimed at making the debt cheaper hinges on the followings:

1. Income expected from operations;
2. Exceed of barter output from market prices (in paid billings);
3. The estimated amount of costs for the sale of barter products (transportation, storage, wages, etc.);
4. Required time for receiving barter goods and its realization ;
5. Tax amount of a potential client in running operations;

With this said, the aforementioned points may be defined in a correlated form as follows:

Debt Purchase Price + Profit of a Potential Client gained by the Operations = Debt Amount – Discount for Instant Realization – Taxes – Realization Expenditure.

In relation to our standpoint, requirements of accounts receivable identification can be classified into four types (Decrease of Research Aggregation and Increase of Complexity):

First Type: Assessing accounts receivable by a single technique in which market value is determined as an intrinsic part of business amount under Expenditure approach (Asset Accumulation Method). Total arrearage is assessed in a wholesale way as long as precisely a single assessment is not preferable for every receivable as a result of either assessment researches' sharp rise or the "effect of large numbers".

While discussing the debt of account receivables separately, the assessor "snatches it out" from the business system and concentrates dominantly on this very trait. However, it is vital to take into account the general business tendencies when organizing asset amount. They are not the simple amount of every element which is affected by a system's emergent peculiarities [8]. On the basis of this, attention is directed not to Authority Policy but to these general tendencies since the management may alter in the process of business purchase. Factors of debtor's financial circumstance and debt turnover dynamics are of ultimate substantial significance.

CONCLUSION

There are objections by taxpayers on expired debts for directing their income tax of organizations since debt collection measures have not been addressed. There is extensive case law on this issue in which the court supports chiefly taxpayers. The Tax Code of the Republic of Uzbekistan does not provide for such conditions for inclusion in the cost of debt collection measures. Self-financing organizations in tax accounting - corporate income tax payers - can voluntarily provide a provision for bad debts in accordance with the rules. When keeping tax records, the reserve is created without taking into consideration accounts payable to the counterparty in the following cases:

- the counterparty is not a correlated entity;
- the accounting process is not included in a contract;

With this in mind, the rules of accounting, writing accounts payable and accounts receivable off can eliminate the chance of conflict during tax inspection. Additionally, it is significant to protect bad debts and accounts receivable that brings about extra expenditures.

Worst financial results and corporate income tax payers must strictly adhere to the rules of tax law. The emergence of accounts receivable in the expired balance indicates the unreliability of the balance sheet. It is worth to cite that in self-financing and non-profit organizations (accounts receivable and payable) analytical accounting is to be presented in a maximum level in order to manage the actions taken (Budget scheme users is exception). It is put into practice by reflecting the settlement of accounts receivable and payables, creating accounting dates as well as accurately determining the expiration date of this period.

CONFLICT OF INTERESTS AND CONTRIBUTION OF AUTHORS

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