



## Improvement of Private Capital Composition, its Analysis and Audit

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### ABSTRACT

This article examines how to improve the examination and audit of private capital, as well as its composition. Based on the findings of the research, suggestions were made to enhance the analysis, audit, and composition of private capital.

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### INTRODUCTION

According to world experience, the sources of an economic entity's funding determine how consistently and steadily it operates. The enterprise's financial independence is demonstrated, in particular, by the fact that its own sources of funding are given more weight than its liabilities. In international practice, accumulated earnings and reserves, along with shares and emission capital, are the primary components of private capital. Management staff needs to continuously monitor the aforementioned elements, forecast their growth in the future, and gather trustworthy and transparent data through internal and external audits in order to outperform the competition.

## LITERATURE REVIEW

I. A. Zavalishina also divided private capital according to sources into the following components[1]:

1. Authorized capital.
2. Added capital.
3. Reserve capital.
4. Retained earnings.
5. Target funds (grants and subsidies).
6. Reserves.

The inclusion of approved capital, additional capital, reserve capital, and undistributed profit in the composition of private capital is undoubtedly significant under the Law "On Accounting." due to the original formation of the permitted capital, additional capital, and reserve capital (free property). The outcome of the enterprise's economic activities is undistributed profit, which can either be used to create reserve capital in accordance with the process outlined by the founding papers and applicable law, or it can be kept on hand as accumulated profit.

The terms approved capital and authorized fund are also distinguished by A. Ibragimov, I. Ochilov, I. Koziyev, and N. The Rizaevs[2].

To carry out the state's duties, state businesses are created. As a result, the state alone has formed all of its allowed capital. It follows that approved capital and authorized money are interchangeable terms.

## ANALYSIS AND RESULTS

Reforming property relations is also necessary for the establishment of market relations in the nation. Many steps have been taken in this direction, with the creation of a form of share ownership and the transformation of government companies into commercial enterprises as the key goals for the development of a multi-level market economy in our nation. In the end, share ownership is the kind of organizational and legal economic activity that is most suited to market interactions.

It should be mentioned that the indicators of private capital structure are diverse and the rates assigned to them are also ambiguous in various regulatory, legal, and scientific literature. For instance, Article 14 of the Law "On Accounting" indicates that permitted capital, additional and reserve capital, and undistributed profit are all examples of private capital.

However, "bought private shares," "goal revenue," and "reserve for costs and payments of the future period" are also specified as components of private capital in BHMS No. 21, in addition to the indicators listed in the legislation.

Equity represents the difference between a business entity's assets and liabilities.

In turn, private capital is divided into two groups: invested capital (investment) and retained earnings.

**Table 1. Analysis of financial results affecting the formation of private capital of "TASHKENT AVTOMARKAZ" LLC, thousand sum**

Indicator name	String code	2020 year		2021 year	
		Revenues (Profits)	Costs (losses)	Revenues (Profits)	Costs (losses)
Net income from the sale of products (goods, work and services).	010	1 256 091,0	x	915 468,0	x
Profit (loss) before paying profit tax	240	43 794,0	0,0	0,0	140 866,0
Net profit (loss) for the reporting period	270	12 312,0	0,0	0,0	165 866,0

The information in the table indicates that one of the most significant and weighty factors in private capital is the basis for coming to an objective conclusion about the causes of the formation of undistributed profits and unreimbursed losses when analyzing the two-year dynamics of revenues and expenses of "TASHKENT AUTOMARKAZ" LLC.

The difference between the net income from the sale of items (goods, labor, and services) in 2020 and 2021—or a drop of 72.9%—was 915,468.0 thousand soums. At the end of 2021, it had a loss of 140,866.0 thousand soums, compared to a profit before paying profit tax of 43,794.0 thousand soums in 2020. At the end of 2021, there was a loss of 165,866,000 soums as opposed to the reporting period's net profit of 12,312,000 soums in 2020.

In conclusion, this business neither generated a source of funding from its own money nor received a net profit as a source of financing. As a consequence, it is clear that the company still depends on loans and that its financial independence indicator is below the specified standard.

The following types of shares are distinguished:

- 1) labor teams;
- 2) enterprise;
- 3) shares of economic entities.

The gap between an organization's assets and liabilities is known as equity.

Retained earnings and invested capital (investments) are the two categories into which private capital is further subdivided.

The following reports summarize information on the status and movement of long-term investments (investments) in the securities of other businesses located on the soil of our nation and overseas, as well as in the permitted capital (funds) of joint ventures:

0610-“ Securities”.

0620-“ Investments in subsidiary companies”.

0630-“ Investments in dependent economic societies ”.

0640-“ Investments in enterprises with foreign investment ”.

0690-“ Other long-term investments ”.

The National Accounting Standards No. 12 "Accounting for Financial Investments" and No. 8 "Accounting for Consolidated Financial Statements and Investments in Subsidiary Companies" govern the process for adding assets in investments and the categories of investments.

Financial investments are assets that a corporate company holds in order to generate revenue from the invested party in the form of interest, dividends, royalties, rents, capital appreciation, or other income.

Investments having a maturity of more than a year are considered long-term investments.

In our country today, businesses with various types of ownership are in operation. State-owned businesses, economic organizations, limited liability corporations, partnerships, and other businesses fall under this category.

The whole of the state's material and financial resources made available for the firm's cost-free, perpetual disposal is the authorized capital of a state enterprise. The permitted capital is used to create fixed and operating funds.

Working capital is given in accordance with rules, and fixed assets for the business are provided based on the volume of production and production service facilities currently in use. While norms are set by the higher organization, the firm itself distributes them in a separate manner.

We will be able to see from the analysis that the theoretical underpinnings of planning and carrying out the analysis and audit of private capitals (funds) and reserves in firms have been carefully researched. Accounts accounting for capitals and reserves and their classification, tasks facing economic analysis, existing problems in their accounting and ways to solve them were studied and certain results were achieved.

In our opinion, the following actions should be taken to ensure the efficient operation of economic entities in the future: development of regulatory and legal documents that ensure independent shareholder action, improvement of internal standards, and strengthening of requirements for duties and obligations imposed on shareholders.

## CONCLUSION

The characteristics of authorized capital, reserve and added capital, and retained earnings in the international and national accounting systems were found to be the main sources and guarantees of financing the activities of "TASHKENT AUTOMARKAZ" LLC after researching the methodological bases of analysis and audit of private capital in the conditions of modernization of the economy.

When we examine how private capital is created in economic entities and its unique characteristics, we find that modifications have mostly been made to two things as a result of economic transactions. Retained profits and allowed capital are two examples.

Private capital is divided into "Equity (share) capital" and "Emission capital" in financial reporting in conformity with international standards. This idea provided a scientific justification for the importance of share capital and retained earnings accounting and auditing in our research aim.

Because the choice to transition to them rests with the president of our state, it is required to apply the international audit standards (IAS) as the conceptual framework for private capital analysis and audit in economic organizations and companies.

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