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## **ACCOUNTING FOR CHANGES IN AUTHORIZED CAPITAL IN SMALL BUSINESSES**

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**JEL Classification: M1, M4, M41**

**Abstract:** The article provides statistics on small businesses operating in our country. The regulatory framework for the reduction of shares, as well as authorized capital, associated with the increase in authorized capital by small businesses is presented. Feedback on the acceptance of shares contributed by third parties into the authorized capital has been expressed. Accounting provocations on accounting for changes in the authorized capital are presented in accounting. In order to reveal the composition of funds aimed at increasing the authorized capital, to be understandable and simple for investors, additional accounts were opened and the need was justified. It is noted that passive synthetic 8310-"common shares", 8320-"preferred shares", 8330-"stakes and shares", which take into account the authorized capital, and any changes are reflected in the correspondence with the relevant accounts. At the request of our national standards, it is indicated that small businesses do not submit reports of changes in private capital. However, it has been commented that this form of reporting on the principles of international standards is required on a mandatory basis. As a summary, the study of any source that caused an increase in private capital, or situations that caused a decrease in the opinion on the analysis of the vqa is outlined.

**Keywords:** small business, accounting provocations, authorized capital, additional shares, third parties, pay and shares, decision of the meeting, state registration, deadline for adding shares, founders.

### **1. Indroduction**

The authorized capital is the initial initial capital of the entity in monetary terms recorded in its charter. The authorized capital is generated from the proceeds from the sale of shares, private investments of the founders and state investments . Shares of authorized capital can be not only in the form of money, but also in the form of land, buildings, intangible assets, projects. The authorized capital is the basis of the organization's activities in the form of material, monetary funds, and various assets[5].

**Analysis results** . The authorized capital of small enterprises can be increased at the expense of the contributions of the founders, as well as the shares of third parties. The general meeting of the entity's founders has the right to make a decision on increasing or decreasing the authorized capital[1]. It is possible to make a decision on the increase of the authorized capital in the case of applications of the founders to add additional shares and applications of third parties to accept and add shares to the entity. In the minutes of the meeting drawn up in connection with the increase of the charter capital, the total value of the additional shares, the amount of the additional share of each founder or the share of the third party, the period of full addition of shares, and amendments related to the increase of the charter capital must be made to the founding documents. Additional shares should be added within the period specified in the decision of the founders, and no later than one month after the end of the period of adding additional shares, they should organize a meeting regarding the introduction of additional shares and make a decision on changing the authorized capital. Necessary documents for state registration shall be submitted within 30 days from the date of approval of the amendments to the founding documents by the general meeting of the founders. After the state registration of the founding documents, the increase in the authorized capital is reflected in the account number 8330-"Shares and shares"[1].

to increase the charter capital of small business entities in exchange for additional shares of their owners or to reduce it for various reasons . In our opinion, **6630** - "Shares of the founders included in the form of long-term assets for the

increase of the authorized capital", **6640**- "Shares of the founders included in the form of current assets for the increase of the authorized capital " and **6650** - " The funds of the founders for the increase of the authorized capital are included in the form of their equivalents" The purpose of opening "shares" accounts is explained by the fact that it is possible to see what type and amount of funds were entered for each type of assets during the period before the state registration of the processes related to the increase of the authorized capital [2]. Investors should be sure whether the assets included in order to increase the authorized capital will bring profit in the further activities of the entity or not. Organization of accounting in entities , accurate and timely accounting of accounting objects, assessment of economic profit or loss from them, high-quality and reliable preparation and improvement of financial reports based on international standards are among the main requirements.

For an investor, it is not important how much money the subject has, but whether it will make a profit in the future or not. Taking into account that small business entities in most cases operate within the framework of the property of one family or one person, it can be seen in the account information that the included property consists of funds necessary for the entity. As a result of the implementation of this proposal, accounting of the founders' contributions to the increase of the charter capital by types of funds, accurate and fair information on the enterprise's activities will be provided for the benefit of foreign investors, financial organizations and interested parties [4].

To account for transactions related to contributions made by the founders of small business entities in order to increase the authorized capital, **6630** - "Shares of founders included in the form of long-term assets for the increase of the authorized capital", **6640**- "**Shares of the founders included in the form of** current assets for the increase of the authorized capital " and **6650** - As a result of the implementation of the synthetic accounts "Founders' funds and their equivalents for increasing the authorized capital ", accounting transactions related to the increase of the authorized capital will be formalized in the following form (Table 3).

**Table 3**

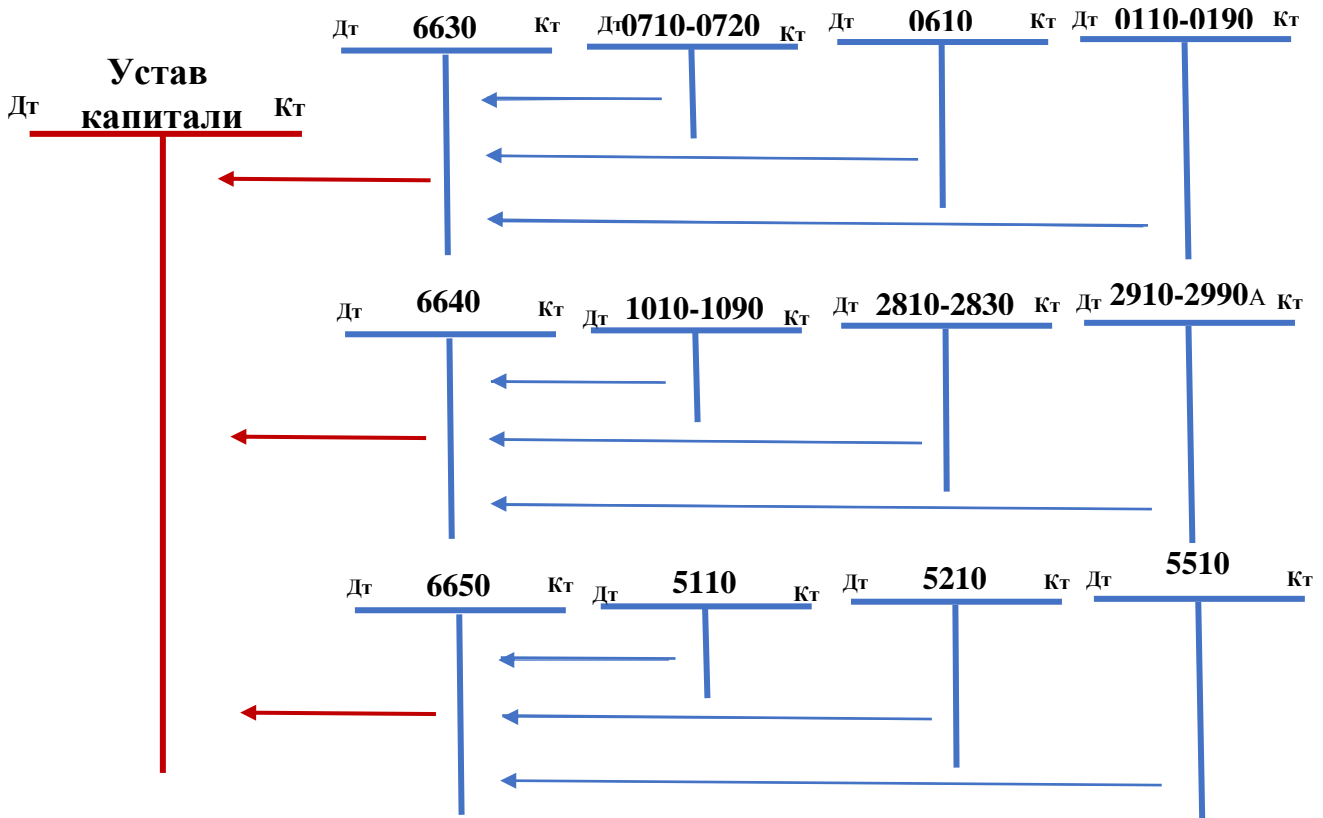
**Accounting accounting of the shares entered in order to increase the authorized capital**

No	Content of operations	6630 on account		On the proposed accounts	
		Debit	Credit	Debit	Credit
1	Introduction of cash funds in order to increase the authorized capital	5010-5020	6630	5010-5020	6650
2	Introduction of money transfers in order to increase the authorized capital	5110	6630	5110	6650
3	Introduction of fixed assets in order to increase the authorized capital	0110-0190	6630	0110-0190	6630
4	Introduction of materials in order to increase the authorized capital	1010-1090	6630	1010-1090	6640
5	Introduction of goods in order to increase the authorized capital	2910-2990	6630	2910-2990	6640
6	Introduction of intangible assets in order to increase the authorized capital	0410-0490	6630	0410-0490	6630
7	State registration of the increase of the authorized capital	4610	8330	4610	8330
8	Write-off of previously entered shares	6630	4610	6630 6640 6650	4610

The opening of the proposed accounts according to the information in the table helps to obtain detailed information about the shares entered by the founders. It has a positive effect on the delivery of clear and transparent information for the benefit of investors [3]. We can also express the above accounting transfers through the following picture.

Figure 1

Scheme of accounting transfers on the proposed accounts



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