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FORMATION OF THE PRIVATE HOMEOWNERS COMPANY’ BUDGET AND ANALYSIS OF ITS FINANCIAL AND ECONOMIC ACTIVITIES

Abstract: This article examines the features of housing and communal sphere, which is an important part of the territorial infrastructure, the growth trend of the housing stock in the country, the reforms carried out and the results achieved in this sphere. In addition, the authors studied the basics of financial and economic activities and features of its analysis.

Key words: housing fund, housing stock management, legislative basis of housing sphere, feature of housing construction.

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Introduction

By the end of the 90s of the last century, the management of the housing stock of our country was created by enterprises with various forms of ownership. In particular, in 1993-1999 the state leasing companies, since 1999 till 2006, with the adoption of the Law № 761-I of the Republic of Uzbekistan “On Homeowners’ Associations” on April 15, 1999, the Homeowners’ Associations (HA) were engaged in this activity [2].

The results of the tests show that the most effective and acceptable form of private housing stock

use and storage is the Private Homeowners’ Company (PHC). Adoption of the Law of the Republic of Uzbekistan “On Private Homeowners’ Company” № 32 on April 12, 2006 in the new edition has provided a basis for strengthening the role and importance of private homeowners’ associations in the management of multi-storied private housing stock in our country [3]. At present, there are 4787 PHC working on more than 32400 individual housing estates (Table 1) [11].

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Table 1. The number of PHC and their managed homes

Number of companies / years	2006	2010	2018
Number of PHC	2188	4751	4787
Number of homes	26548	28792	32400

URGENCY

The financial organization of the company differs significantly from other enterprises and organizations. The reason for this is that private owners have two important tasks before the company. The first task is to maintain the housing stock at the required level of exploitation and to ensure that all types of repairs are to be performed in good quality and timely manner, while the other should be aimed at reducing the amount of compulsory payments collected from residents. That is why planning the financial activities of the company begin with the study of the amount of annual expenses[6,7].

In the planned period, it is recommended that a cost estimate be included if it is envisaged, and it will help to substantiate the general meeting, when discussing the company's annual estimate. Costs related to discounts on special funds should also be specified in the part of the estimate, which stipulates the remuneration of the staff of the Private Homeowners Company and it' involved staff. Also, if the members of the board of directors, members of the

management and auditing commission pay the salaries to the members elected by the general meeting, the fee is reflected in the income and expenditure estimate [4,5].

The cost estimate should also include non-production costs of the company, and it is advisable to include a reserve fund to cover unexpected expenses or timely repayment of contributions.

Calculation of the service of the housing fund is carried out by storing 1 m² of the living space and setting the cost of the service rendered to the building by means of calculation of the cost of services rendered. At the present, the legal basis for the calculation has provided a basis of calculating the Decree № 104, № 17, № 01-1371 of the Ministry of Finance, Ministry of Economy, Uzkomunkhizmat Agency of the Republic of Uzbekistan, on December 25, 2006.

The cost of the PHC for the living space is grouped by production costs, period costs and financial costs (Table 2) [10].

Table 2. The cost of the PHC for the living space

Production costs	Period costs	Financial costs
- production costs; - payments to social insurance for production; - amortization of fixed assets related to production; - other production costs.	- administrative costs (chairman, board members, accountant); - other operating costs and losses.	- short-term and long-term loans.

THEORETICAL APPROCHES

The normal cost of repair and maintenance services will be taken as the starting point for determining the definition of housing savings and repairs. In order to determine the amount of the tariff, the PHC shall determine the income of the homeowner in the reporting period for the total area used by the housing fund. The structure of these revenues consists of cost production costs and planned benefits. The other sources of income, which are channeled in the prescribed manner to cover the costs of the private homeowner's business are excluded [9].

The amount of the tariff is calculated by the following formula:

$$T = \frac{(S + F) - Q}{N}$$

Here: T - cost of repair of 1 m² of common area of the living room (tariff - soum);

S - cost of production services (UZS);

F - profit for the earnings (operating expenses and expenses for financial activity - (UZS)) for the use of the housing stock company (private proprietors);

Q - other sources of income (soum), which are allocated in the prescribed manner to cover expenses of organizations using the housing stock.

This income does not include funds paid by the citizens for the service of the housing fund, and includes: funds allocated from the budget for deficit of income in connection with the provision of preferences on maintenance and repair of housing fund to certain categories of citizens in accordance with the legislation of the Republic of Uzbekistan; receipts from the utility services to the enterprises receiving revenues from utility services, as well as over-the-air, wastewater, heat and power grids and equipment maintenance; deductions from tenants of rented rooms rented at residential houses on agreed tariffs, but not lower than tariffs for operating

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partners; funds received from the user on the basis of paid services from the sports and recreation centers located on the territory of the homeowner; funds from off-budget funds and other sources, including funds allocated by sponsors in accordance with the current legislation; deductions to private housing undertakings from communal services enterprises; operational expense from private owners of garages and other buildings established by citizens of private homeowners' associations; funds allocated from the local budget for complete repairs of the houses;

N - the total area used by the housing fund of the partnership (the area to be rented as non-profit fund is not included – m²).

In addition, the size of mandatory payments is comparable with the amount of previous year's

payments and the owners of the property assess the ownership of the property.

If the company management finds that the proprietors are eligible to pay for the planned costs, the draft revenues and expenditure estimate may be referred to the general meeting.

If the management of the partnership finds that most homeowners are not capable of paying for the planned costs, the work on the improvement (reduction) of the work plan will be continued.

ANALYTICAL PART

An exemplary form of the PHC Revenue and Expenditure consists of the following content (Table 3):

Table 3. An example of income and expense estimation of a private homeowner

№	The names of materials	One month	One year
Income			
1.	Mandatory contributions of the company members		
2.	Mandatory contributions of non-residential land users		
3.	Simultaneous paying tuition fees of the apartment owners (separately collected for carrying out any kind of repair and improvement works)		
4.	Payment for separate use of some of the common property		
5.	Payment for separate use of the land parcel belonging to the company		
6.	Payments by the proprietors of the objects located on the parcel belonging to the company		
7.	Income from rental of common property (part)		
8.	Incomes from utility services received for services rendered in communal payments collection:		
9.	Contractual services and payment for work		
10.	Percentage revenue because of saving funds in the bank account		
11.	Loans		
12.	Sponsorships		
13.	Other Income		
Total Income:			
Expenses			
1. Production costs			
1.1.	Total property and land parcel maintenance and sanitation, total		
1.2.	Total services of traveling organizations:		
1.3.	Total repairs of public property, total:		
1.4.	Capital repairs of common property - total:		
1.5.	Depreciation of HMES		
2. Non-production costs			
2.1.	Administrative expenses		
2.2.	Charges for management services by contracting organizations		
2.3.	Auditor services		
2.4.	Costs for training and retraining		
2.5.	Payment for information services		
2.6.	Compensation to the budget, taxes and other payments		
2.7.	Payment for banking services		
2.8.	Cash and settlement operations expenses		
2.9.	Membership fee paid to the HUJU community		
2.10.	Do not allocate to repair fund		

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2.11.	Do not allocate to the reserve fund		
2.12.	Loan, debt repayment costs		
Total expenses			

Establishing, maintaining, organizing, analyzing and maintaining the economic performance of the partnership in the PHC, the accounting shall record the relationships between their financial and economic activities [8].

PHC have a simplified accounting system, due to which the following main tasks are achieved:

- ✚ Documentation of financial and economic processes;
- ✚ Inventory accounting;
- ✚ Measurement and valuation of economic instruments;
- ✚ Calculation of housing fund services;
- ✚ Carrying out a system of payment for communal services;
- ✚ Providing and accounting for employee benefits;
- ✚ Accounting for accounts;
- ✚ Maintaining a double-sided accounting record;
- ✚ Maintenance of accounting balance;
- ✚ Making financial reporting reports.

Documentation of financial and economic processes is a written document on the ongoing business transaction that legally registers the accounting records. Documents certified in the form of documents, summarized in the form of paper, which are generalized and processed by the information, clearly reflecting the financial process with the primary information for accounting. Documents provide a comprehensive and unimportant representation of the farm's business activities. Only the completed documents will be taken into account, which is correctly drawn up all the requisites specified in the technical specification. Such requisites include the name of the enterprise, the name of the document, its number, and date, the brief and concrete content of the economic operation, its quantitative and monetary expression, and signatures of the persons responsible for the economic operation. The first requirement for documents is timely compilation, reliable, complete and accurate registration of data. These requirements provide for the initial and current supervision of the company's economic activities and the ability to effectively influence its business results.

Inventory accounting is one of the main objectives of accounting, which allows the inventory to determine the actual status of the partnership in the accounting system, by examining the material values, monetary and financial liabilities. Inventory enables you to verify your accounting information or to identify unidentified assets or lost losses, theft, and defects. That is why inventory accounting ensures the

integrity of cash or cash equivalents, checking or checking the integrity reliability of the accounting and reporting data.

Measurement and valuation of economic instruments - allows the determination of the cost of an instrument in monetary terms and is primarily based on the actual cost of the purchase of equipment or bookkeeping. In case of inflation, the real value of economic instruments is determined by reassessment of the actual value of purchases through statutory bodies established by government decisions and inflation index. For example, the property, plant and equipment are initially recorded in the bookkeeping account.

Calculation of housing fund services is different from those in other sectors of the economy. As we have already noted, shirkats calculations are the method of determining the prime cost of services rendered to the building by calculating the cost of storing and servicing 1 square meter of living space. Normative indicators determined by the republican financial authorities and local authorities in calculating the cost of works and services are taken.

Carrying out a system of payment for communal services - carries out the accounting for payments made by the proprietors for these services. Accounts are typically drawn up and analyzed in each household. Payments for communal services, which are reflected on the first day of the month following each month, are recorded on their accounts. The total amount of utility bills for the partnership is compared with the approved estimate indicators. If there is a big difference in the estimate that is approved, the cost will be deducted. There is also a proposal to increase or decrease the amount of utility bills.

Providing and accounting for employee benefits of labor and employees based on the amount of wage established according to the approved schedule of staff. At the same time, salaries for administrative staff and workers are calculated separately. Wages for employees who work in the form of business are calculated on the basis of the amount of work that confirms the amount of work done by them. In case of salary calculation, the fund should not be overlooked in the estimate. If a company has approved a specific cost-share or other type of work, the wages of those involved in such works shall be borne by the wage fund approved in those estimates.

Accounting for accounts is carried out on the basis of grouping according to the economic characteristics of records in accordance with the international accounting standards. Accounting records are separated into passive accounts reflecting

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the sources of assets and resources that account for the property and assets of the partnership. Proper use of the Instructions for Use of the Bill of Materials is of great importance. All agricultural operations are reflected in the accounting records by means of duplicate writing on one invoicing account and at the same time in the equivalent amount on the basis of other account credits.

The double-sided recording system has a controlling value the sum of all debit entries for the entire reporting period is equal to the sum of all credit account turnover. The main principle of accounting is the use of double-entry writing in any business transaction. Establishing the relationship between accounts through a double-sided account is called correspondent account, and the accounts themselves are called correspondent accounts.

The balance sheet is one of the main forms of the financial reporting, describing the financial position of a company for a certain period of time, the sources of funds originated - the balance sheet and the sources of their allocation - the carrying amount of the

asset. Balance sheet active and passive accounts should be equal. Information about the means and resources available on the balance is presented in two dates - at the beginning of the year and at the end of the reporting period. Accounting balance is the source of the entity's financial position analysis.

Financial accounting is based on accounting records. The content of the financial statements are determined by the Ministry of Finance of the Republic of Uzbekistan and the reporting period for the financial statements. The calendar year is January 1 through December 31.

Starting from the date of acquisition of a legal entity right for newly established PHC, the first accounting year is valid until 31 December of the same year. If the company is registered after October 1, the first accounting year ends on 31 December of the following year. Data on economic transactions before registration or prior rights of legal entity are included in the financial statements of the first accounting year.

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