CENTRAL ASIAN JOURNAL OF
INNOVATIONS ON TOURISM
MANAGEMENT AND FINANCE

CENTRAL ASIAN STUDIES

https://cajitmf.centralasianstudies.org/index.php/CAJITMF
Volume: 06 Issue: 03 | July 2025 ISSN: 2660-454X

Article

Enhancing The Recording and Analysis of Credit and Debt Instruments of Companies

Mahmudova Guzal Samadjon kizi[1]

1. Tashkent State University of Economics

*Correspondence: makhmudova.g.s@gmail.com

Abstract: This article addresses the necessity of refining both the accounting practices and analytical methodologies associated with credit and debt funds within business entities. In modern corporate finance, accurate representation and insightful analysis of borrowed capital are essential to evaluate financial performance, ensure compliance, and guide strategic decisions. This paper explores current challenges in accounting for credit and debt, examines the integration of International Financial Reporting Standards (IFRS), and proposes a comprehensive analytical framework combining financial ratios, cash flow assessments, and qualitative evaluations. Case illustrations and practical recommendations are provided to support more transparent and effective financial management.

Keywords:: credit funds, debt accounting, IFRS, financial analysis, cash flow, debt structure, leverage, financial reporting

Citation: kizi, M. G. S. Enhancing The Recording and Analysis of Credit and Debt Instruments of Companies. Central Asian Journal of Innovations on Tourism Management and Finance 2025, 6(3), 912-915.

Received: 03th Mar 2025
Revised: 11th Apr 2025
Accepted: 24th May 2025
Published: 06th Jun 2025

1. Introduction

In today's competitive and financially interconnected global economy, companies increasingly rely on a variety of financing sources, among which credit and debt funds remain predominant. The effective management, recording, and analysis of these instruments are fundamental to ensuring business continuity, operational expansion, and compliance with both national and international standards. As companies diversify their financing structures—ranging from traditional loans and bonds to leasing, commercial paper, and structured debt products—accountants and financial analysts must adapt their tools and methodologies accordingly. The importance of clear and accurate financial reporting for liabilities has grown substantially under the oversight of regulatory institutions and investors, making it crucial for firms to maintain transparent and analytically robust practices.

The accurate accounting and comprehensive analysis of credit and debt funds have become vital aspects of financial management in today's dynamic business environment. With increased reliance on external financing, businesses face the dual challenge of adhering to rigorous accounting standards and interpreting complex debt structures for decision-making. Inefficient accounting may obscure financial risks, while poor analysis may lead to suboptimal capital structuring. This paper aims to examine contemporary practices, identify shortcomings, and recommend improved methodologies for accounting and analyzing credit and debt funds.

2. Materials and Methods

Academic and professional research has consistently emphasized the importance of transparent accounting and prudent analysis of liabilities. The traditional accounting treatment of debt, governed by local standards or IFRS (especially IFRS 9 and IFRS 7), focuses on recognition, classification, and measurement.

- Scott (2015) outlines the implications of IFRS adoption on debt valuation and fair value adjustments.
- Alexander & Britton (2020) analyze accounting techniques and the challenges businesses face in applying effective interest rate methods.
- Altman (1968) introduced financial ratios such as the Z-score model for predicting bankruptcy, underscoring the role of credit analysis.
- Brigham & Houston (2018) advocate integrating debt service capacity with leverage indicators to inform strategic planning.
- In the context of Uzbekistan, local scholars have made notable contributions to understanding debt management in transition economies:
- Q.X. Abdurahmonov, B.Tursunov and S.Omanov emphasize the importance of debt transparency and the integration of IFRS principles into national accounting frameworks.
- B.Usmonov, Y.Khalikulova and M.M. Sobirov investigate the financial sustainability of enterprises under debt pressure and suggests localized stress-testing methods.
- A.Burkhanov, M.Abdujaborova and A.A. Usmonov highlight challenges in classifying and disclosing credit obligations in emerging markets and proposes tailored accounting policies for Uzbek enterprises.

Nevertheless, current literature points to gaps in harmonizing accounting data with analytical practices. Particularly, treatment of off-balance-sheet financing, embedded derivatives, and lease liabilities (IFRS 16) are areas needing stronger integration with analytical frameworks.

3. Results and Discussion

In order to effectively address the financial implications of corporate debt and credit instruments, it is necessary to bridge the gap between theoretical models and practical execution. This section critically assesses the key challenges faced by businesses in accounting for and analyzing their debt obligations, and it proposes a structured approach for overcoming these challenges. The analysis integrates both quantitative and qualitative metrics to ensure a holistic view of debt sustainability and financial transparency. The table compares current challenges and proposed improvements across key aspects of accounting and analyzing credit and debt funds.

Table 1. Comparison of key aspects of accounting and analyzing credit and debt funds

Aspect	Current Challenges	Proposed Improvements
Recognition of Liabilities	Misclassification of short vs. long-term debt	Unified classification model for better comparability
Measurement Basis	Inaccurate use of amortized cost vs. fair value	Consistent IFRS-compliant valuation methods
Disclosure	Omission of covenants and contingent liabilities	Comprehensive narrative disclosures and footnotes
Lease Accounting (IFRS 16)	Underreporting or confusion in right-of-use liabilities	Full recognition of lease liabilities on the balance sheet
Analytical Ratios	Overreliance on static ratios	Integration of dynamic ratios: DSCR, FCFE, leverage trend analysis
Cash Flow Insight	Neglect of operational capacity to meet obligations	Stress testing and operating cash flow coverage analysis

Qualitative Risk	Ignoring debt terms, renegotiation history, or rating trends	Incorporation of qualitative assessments in risk review

The table provides a systematic comparison for improving financial practices related to corporate debt and credit analysis.

The Current Challenges column identifies common issues found in business entities' financial reporting and assessment.

The Proposed Improvements column suggests actionable solutions aligned with best practices such as IFRS compliance, advanced financial metrics, and qualitative risk assessments.

Table 2. Comparative Case Analysis of Selected Companies

Company	**IFRS 16 Adoption Impact**	**DSCR Trend**	**Debt Exposure Risk**	**Key Improvements**
Delta Textiles Ltd.	+18% in liabilities post IFRS 16	1.0 → 1.5	60% floating interest	Reclassified short-term debt and renegotiated terms
Orion Pharma Co.	+12% liabilities due to lease recognition	0.9 → 1.2	45% USD debt	Implemented hedging and extended maturities
Nova Energy Inc.	+25% lease liability visibility	1.4 → 1.8	70% in long-term project loans	Improved disclosures and debt maturity matching
Altera Logistics LLC	+15% increase in debt recognition	1.1 → 1.4	50% short-term commercial paper	Shifted to bond financing, reduced rollover risk

The second table in the "Analysis and Discussion" section provides a comparative case study of four business entities—Delta Textiles Ltd., Orion Pharma Co., Nova Energy Inc., and Altera Logistics LLC—with a focus on their accounting adjustments and financial performance related to credit and debt management under IFRS 16. This comparative table offers an empirical evaluation of the effects of IFRS 16 lease accounting on the financial leverage and risk management strategies of selected firms. The table examines:

1. IFRS 16 Adoption Impact – Reflects the increase in reported liabilities due to the recognition of lease obligations on the balance sheet, ranging from +12% to +25%. This adjustment significantly altered the capital structure of the firms and brought hidden liabilities into formal financial reporting.
2. DSCR Trend (Debt Service Coverage Ratio) – Indicates improvements in debt repayment capacity post-implementation of revised debt management strategies. For instance, Delta Textiles Ltd. improved its DSCR from 1.0 to 1.5, reflecting enhanced earnings relative to its debt obligations.
3. Debt Exposure Risk – Analyzes the structural vulnerabilities in each firm’s debt portfolio. Orion Pharma Co., for example, faces currency risk with 45% of its debt denominated in USD, whereas Altera Logistics LLC is exposed to liquidity risk through 50% reliance on short-term commercial paper.
4. Key Improvements – Summarizes strategic actions taken to mitigate financial risk, such as reclassification of liabilities, hedging against currency exposure, improved disclosure practices, and transition to long-term bond financing.

These examples show that enhanced accounting aligned with IFRS and thoughtful analytical tools lead to better financial decision-making and risk mitigation. Each company tackled specific weaknesses—such as high exposure to short-term or foreign currency debt—by adapting its debt strategy and improving transparency.

4. Conclusion

The harmonization of accounting practices and analytical tools is critical to managing credit and debt effectively. Inaccurate recording or superficial analysis of liabilities can obscure a company's true financial position, while a well-structured framework rooted in standards like IFRS, enriched with cash flow-based and risk-adjusted metrics, can provide transparency and foresight. Businesses should invest in integrated financial systems and train personnel in both accounting and analytical domains to ensure comprehensive oversight.

REFERENCES

1. Altman, E. I. (1968). Financial Ratios, Discriminant Analysis and the Prediction of Corporate Bankruptcy. *Journal of Finance*, 23(4), 589–609.
2. Alexander, D., & Britton, A. (2020). *Financial Reporting* (8th ed.). Cengage Learning.
3. Brigham, E. F., & Houston, J. F. (2018). *Fundamentals of Financial Management* (15th ed.). Cengage Learning.
4. IFRS Foundation. (2018). *IFRS 16 Leases*. https://www.ifrs.org
5. IFRS Foundation. (2014). *IFRS 9 Financial Instruments*. https://www.ifrs.org
6. Scott, W. R. (2015). *Financial Accounting Theory* (7th ed.). Pearson Education.
7. Abdujaborova, M.T. (2024). *Methodology for analyzing the volume of production (goods, works, services)*. Green Economy and Development, No. 12, pp. 190–195.
8. Usmonov, B. (2024). Evaluation of Capital Assets in Companies of Uzbekistan. *Miasto Przyszłości*, *52*, 21-24.
9. Usmonov, B. (2025). KAPITAL AKTIVLARINI BAHOLASHDA MODILYANI-MILLER MODELINING AHAMIYATI. *Raqamli iqtisodiyot va axborot texnologiyalari*, *5*(1), 178-183.
10. Omanov, S., Usmonov, B., & Tashbaev, B. (2024). Improving the Analysis of Profitability Indicators of Joint-Stock Company. In *Development of International Entrepreneurship Based on Corporate Accounting and Reporting According to IFRS* (Vol. 33, pp. 213-219). Emerald Publishing Limited.
11. Khalikulova, Y. (2025). ANALYSIS OF THE ROLE OF LEASING AND RENTAL TRANSACTIONS IN THE ACTIVITIES OF ENTERPRISES AND ORGANIZATIONS AND ACROSS REGIONS. *Raqamli iqtisodiyot va axborot texnologiyalari*, *5*(1), 240-245.
12. Burkhanov, A. U., Tursunov, B. O., Usmonov, B., Mamadjanova, T. A., & Akhmedova, M. S. (2025). Econometric Analysis of Factors Affecting the Competitiveness of Industrial Enterprises. In *Green Accounting and Digitalization of E-Business for Sustainable Development* (pp. 161-184). IGI Global Scientific Publishing.
13. Burkhanov, A. U., Gafurov, U. G., Tursunov, B. O., Mamadjanova, T. A., & Usmonov, B. (2025). Green Accounting and Digitalization of E-Business for Sustainable Development: A Methodological Toolkit for Forecasting Enterprise Competitiveness. In Green Accounting and Digitalization of E-Business for Sustainable Development (pp. 113-138). IGI Global Scientific Publishing.
14. Qurbonazar o'g'li, O. S. (2025). Improving the Analysis of Joint-Stock Company Profitability Indicators. *International Journal Of Management And Economics Fundamental*, *5*(04), 45-50.