SIROJIDDINOV IKROMIDDIN QUTBIDDINOVICH

FINANCIAL MANAGEMENT

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SIROJIDDINOV IKROMIDDIN QUTBIDDINOVICH

FINANCIAL MANAGEMENT

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FINANCIAL MANAGEMENT

SIROJIDDINOV IKROMIDDIN QUTBIDDINOVICH

The textbook was developed at the, taking into account the requirements of the curriculum on the subject "Financial Management" of the bachelor's degree courses in the field of education 60410100-"Accounting and audit". The textbook highlights the most important and topical issues of financial management of enterprises in the context of economic liberalization. The textbook is intended for undergraduate students, taking into account the style and logic of the presentation of the material, it can also be useful for independent study of the subject.

Reviewers:

Doctor of science in Economics, N. J.Sotvoldiyev - Professor of the Department of Economicsof the Namangan State University.

Doctor of science in Economics, M. Mahmudov - Professor of the Namangan Engineering-Construction Institute

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INTRODUCTION

In the development of the economy of the Republic of Uzbekistan, an important place is occupied by measures to increase the competitiveness of enterprises of the national economy both on the domestic and international markets, because in the context of globalization, this issue has become particularly relevant. Of course, although the need for modernization and diversification of the economy is directly related to the ultimate goal of economic reforms in Uzbekistan, changes in the macro - and micro-economic conditions of enterprises, but it is impossible to deny the impact of tightening market competition at the international level. Enterprises in our country have to buy a lot of resources and services in monopoly markets, as well as sell their goods in international or domestic competitive markets. This cannot but affect the financial possibilities of technological modernization. The competitiveness of the subjects of the national economy will ensure its optimal integration into the world economy.

Management of modernization processes of the leading sectors of the economy is an integral part of the management system of economic entities, starting from the planning and implementation of modernization processes, technical and technological modernization of all stages of production and services aimed at qualitative changes in the production process and the social environment. Each of the measures for modernization, technical and technological renewal of the national economy is innovative in nature, since they are based on advanced technologies and technologies that create economic, production and marketing potential. Stimulating the modernization process involves the integration of the goals of the technical and investment policy of the enterprise and will be aimed at the production and expansion of new products. At the same time, all of the above is carried out through the formation and use of the necessary financial resources in economic practice. Economic processes are especially noticeable in the movement of financial resources, and the economic effect is reflected in the financial results. From this point of view, financial management plays a special role in the current

conditions. Because financial management essentially means that management activities are aimed at achieving financial goals, and the ultimate financial goal is profit.

A deep and comprehensive study of the essence of financial and economic processes, an understanding of the essence of topical issues also provides the formation of the necessary knowledge and information about the most important priorities of the country's socio-economic development, opportunities and mechanisms for their implementation. Therefore, mastering the knowledge of financial management is the basis for awareness and strengthening the sense of involvement in socio-economic transformations.

Based on this, the author of the textbook tried to bring to the readers the most important basic knowledge on the basics of financial management.

Chapter 1

Economic essence, subject and functions of financial management

1.1. Formation and development of the science of financial management

Financial management is aimed at organizing and managing the processes of formation, distribution and use of funds in an enterprise. Although financial management primarily serves short-term and current tasks, it also plays an important role in determining the strategic direction of the company's development.

The focus of financial management is on the following tasks:

- increase in profit;
- ensuring the continuity and balance of cash flows at the enterprise;
- optimization of the company's capital structure;
- ensuring financial stability;
- show the financial and economic condition of the enterprise for owners(shareholders), investors and creditors;
- achieving investment attractiveness;
- the use of market mechanisms in attracting financial resources.

During the transition to a market economy, there is often a shortage of financial resources. It is based on such reasons as insufficient competitiveness of the company's products, low solvency of customers, the use of non-monetary

forms of payments, administrative interference in the activities of enterprises, heavy tax burden, and others. Therefore, achieving sufficient financial resources and maintaining the solvency of the enterprise becomes a priority in financial management. With the liberalization of the economy, the problems that financial management must solve do not become easier, but rather more complicated, since the real responsibility for the consequences of financial decisions is formed and becomes more acute.

Financial management should ensure the effective achievement of the strategic and tactical goals of the enterprise, that is, for targeted financial management, an appropriate financial policy of the enterprise should be developed.

The development of financial policy is expressed in the following points:

- analysis of the financial and economic condition of the enterprise;
- development of the company's accounting policy and planning of the company's activities as a taxpayer;
- management of working capital, accounts payable and receivables;
- cost allocation and depreciation policy management;
- the choice of a dividend policy.

When studying the financial and economic state, the property composition of the enterprise, its financial investments, sources of equity formation, the volume and sources of borrowing, relationships with suppliers of material resources and buyers of products, sales revenue and sales volume are analyzed. The analysis is carried out in three main directions. Horizontal analysis - the indicators of the current period are compared with previous periods or plans. In the vertical analysis, the specific weight of individual articles in the final indicator is determined, and then the results are compared with the data of the previous period. Trend analysis reveals changes in the reporting indicators over a number of years. When analyzing the financial and economic state, it is necessary to keep in mind the planning methods used in various periods, the features and nature of the

accounting policy used in accounting, the change in the directions of the enterprise's activities (business diversification) and other factors.

It is obvious that the tasks assigned to financial management require the creation of a service at the enterprise that will analyze the financial and economic state of the enterprise. This service should constantly analyze the production costs, cash expenses and income of the enterprise for a certain period, compare them with various basic indicators, and also study the nature and causes of changes (differences). To improve the flow of cash receipts and outflow of funds, it is necessary, first of all, to analyze the turnover of receivables and payables, from time to time to conduct an inventory of debts, identify the causes and perpetrators of fines imposed on the enterprise, and, if necessary, conduct cases in court proceedings.

As part of the economic liberalization strategy, in recent years, enterprises have been given certain opportunities to choose a depreciation policy. An enterprise can apply accelerated depreciation and thereby increase costs. This will affect the cost of the product and pricing policy, property taxes and income tax.

The joint-stock company should develop a dividend policy. This, on the one hand, is aimed at protecting the interests of the owners, and on the other hand, it allows increasing the attractiveness of the enterprise for future investors. At the same time, it is wrong to believe that the interests of business owners are related only to dividends. The full distribution of profits will have a negative impact on the company's capital accumulation process. Most of the profit should be reinvested to ensure stable prospects, competitiveness and financial stability of the enterprise. Therefore, the dividend policy is determined based on the general financial and economic condition of the enterprise.

Another important aspect of financial management is the rational use of borrowed funds. If the company has a strong market position and sales of its products provide a sufficient profit margin and there are real opportunities to increase this profit, it may be possible to attract borrowed funds, including on a long-term basis, to maximize production.

As mentioned above, financial management is focused on increasing the profit or economic efficiency of the enterprise. Of course, profit is a very important expression of economic efficiency, but there are other aspects of efficiency. Financial management should influence all aspects of efficiency.

A financial manager or other executive may dispose of the financial resources of an enterprise only within the scope of the powers granted by the management of the enterprise. Nevertheless, as a person who is fully aware of the financial flows of the company, a financial manager can constantly analyze these flows and regularly monitor and monitor the results of the analysis. That is why the financial director, financial manager and chief accountant are part of the company's top management and participate in solving all issues of vital importance for the enterprise.

In general, financial management activities can be described as:

- general analysis and planning of the property and financial condition of the enterprise;
- providing the company with financial resources (resource management);
- allocation of financial resources (investment policy and asset management).

These areas of activity allow us to identify individual tasks facing the financial management service. These tasks can be described as follows.In order to analyze and plan the property and financial condition of the enterprise, it is necessary to evaluate the following in general:

- assets of the enterprise and sources of their financing;
- the volume and structure of resources needed to maintain and increase the economic potential of the enterprise;
- additional sources of funding;

- a system for monitoring the state and efficiency of the use of financial resources.

To provide the company with financial resources, it is necessary to assess in detail:

- the amount of necessary financial resources;
- ways to obtain them (long-term or short-term loan, etc.);
- ways to mobilize financial resources;
- opportunities and time for obtaining resources (they are determined by the terms of the relevant agreements, financial resources must be obtained in the required amount and at the required time);
- risks associated with attracting a certain source of funds (in the case of an additional issue of shares of an enterprise, the holders of these shares cannot demand repayment of funds under normal circumstances, and a bank loan, if certain conditions are not met, can be repaid earlier than the established deadline at the request of the bank).

When allocating financial resources, it is necessary to analyze and evaluate long-term and short-term investment decisions:

- how profitable is it to convert certain financial resources into other types (material, labor, monetary);
- expediency and efficiency of investments in fixed assets, the structure of fixed assets;
- optimization of working capital (by type and in general);
- efficiency of financial investments.

When making financial decisions in all of the above areas, it is necessary to coordinate the requirements of liquidity, financial stability and profitability. Taking into account these requirements, the regulation of the financing of long-

term assets, the management of sources of funds, risk levels, etc. should be carried out.

In the conditions of market relations, a more or less large enterprise is connected with financial markets. This relationship is multifaceted: a company can act as an issuer of securities, an investor, a borrower, a speculator, as well as in other roles. Its operations on the financial markets are carried out with the help of financial instruments. Researchers interpret financial instruments in different ways. The most common interpretation is that financial instruments are considered as agreements on long-term or short-term investments traded on the financial markets in the form of securities. Thus, financial instruments include stocks, bonds, futures, and the like. In our opinion, the concept of financial support should be interpreted somewhat more broadly. Financial instruments are tools that help formalize relationships when acquiring or transferring financial resources. These relationships do not always manifest themselves in the form of agreements.

The methods and tools used in financial management can be divided into three groups: general economic, predictive and analytical and special. They are also used for control purposes.

The first group includes relations and instruments established within the framework of state management of the economy and strictly regulated by the state: lending, debt transactions, cash transactions, settlement operations, insurance systems, financial sanctions systems, trusts, collateral, transfers, depreciation, taxation systems and much more.

The second group includes financial planning, tax planning, forecasting methods, factor analysis, modeling, and much more. Their use will depend on the knowledge, skills and initiative of the financial management staff.

The third group consists of special methods of managing the company's finances: dividend policy, financial leasing, factoring, franchising, futures, hedging and other derivative financial instruments.

The database in financial management is, first of all, the financial statements of the enterprise and other financial accounting products. At the same time,

financial management is impossible to imagine without information from financial and tax authorities, the banking system and information about commodity, stock and currency exchanges. Financial management is based on the regulatory framework of the country. These include laws, presidential decrees, resolutions of the Cabinet of Ministers, orders, instructions, norms and instructions of ministries and departments within their competence, constituent documents of the enterprise.

1.2. The concept of financial management and international approaches to it

It is well known in the world practice that no field of scientific disciplines studying socio-economic relations faces such a significant, contradictory and multifunctional system as relations in the field of financial management.

Financial management, that is, financial management, has become the subject of intense and acute debates between the managers of the enterprise and financial managers since the emergence of monetary relations.

A comprehensive study of the relations of financial management and the relevant conclusions are the basis for creating an optimal tax system. Financial management is the highest priority in the management of an enterprise, since as a result of the priority of the control principle, the company's revenues increase.

The second half of the 20th century was also a turning point in the global economy. As a result of the acceleration of scientific and technological progress and the rapid growth of commodity production, as in all areas, led to progress in the concepts of scientific management. As a result, the modern concept of financial management began to form independently. The main problem was the financial organization of the subjects, as well as the issues of effective organization of cash flows, taking into account the influence of internal and external factors.

Financial management, from a historical point of view, has relatively recently established itself as a science. The development of its fundamental aspects was done as part of the research of financial theory on the eve of the Second World

War. In particular, in 1938, a model for estimating the value of financial assets proposed by J. It was one of the first steps in the scientific justification of financial management. Nevertheless, Western researchers associate the emergence of financial management as a scientific direction with the name of G. Markovits. In 1952, in his article, he outlined the modern theory of the portfolio. In 1963, a student of G. Markowitz, William Sharp, proposed a mathematically simplified and practically applicable version or a single-factor model (single-factor model). Using this model can effectively manage large portfolios containing hundreds of financial assets.

Part of the financial theory regarding financial asset management has been developed in research on securities pricing, the development of the concept of capital markets efficiency, the creation of risk and profitability assessment models and the development of new financial instruments. In the 1960s, W. Sharp, J. Lintner and J. Mossin developed a capital asset valuation model, CAPM. In this model, systemic risk (irreversible risk) is associated with the profitability of the portfolio. Subsequent attempts were made to develop models that could replace the ARM model. The most popular of them is called The Arbitration Pricing Theory (APT). This theory was developed by Stephen Ross. According to the model, the yield of any stock can be divided into two parts: the normal or expected yield and the return associated with risks or uncertainty. The second component is related to economic factors, such as the general market situation in the country, the stability of the world economy, inflation and changes in interest rates.

In the general approach, there are two important questions in the management of a large company: where to get financial resources and what is most effective. In this regard, the work of F. Modigliani and M. Miller are considered the reference point of research. Based on their ideas, two directions are successfully developing in modern financial theory - portfolio theory and capital structure theory.

Currently, financial management has already been formed as a scientific direction, practical activity and academic discipline. It covers the methodology and

technique of financial management of a large company. It includes a number of chapters of financial theory, analytical sections of accounting, while applying the concepts of management theory.

In the process of development and improvement of the social system in the society, the policy of financial management has also changed, and the relations of financial management are becoming more and more modern. There were times when the activities of the enterprise were regulated by the state plan, but now financial management is the basis for the development of enterprises.

In modern theories of business organization (theories of the firm), economists explain the priority goal of an enterprise in different ways. The most common approach is that the company should bring maximum profit to its owners (Profit Maximisation Theory - The theory of profit maximization). According to the traditional new classical economic model, the firm works to maximize profit. In the conditions of free competition, it is impossible to achieve maximum profit in the long term, that is, the total income is zero. For this reason, a "normal" profit is formed that satisfies all business participants. Within the framework of this theory, other criteria are also used: earnings per share and return on investment (ROI).

For firms where management functions are performed by employees, there is a gap between the functions of ownership and management and control. This problem is compounded by the complexity of organizational forms of business. This led to the emergence of a number of management theories. Among them, we can distinguish the "Theory of transfer of authority or Agency Theory" (Agency Theory). The basis of this theory is that the interests of the company's owners contradict the interests of its managers (in corporate-type firms, its owners are not engaged in operational management, but hire appropriate personnel). When analyzing alternative solutions involving a choice between short-term and future profits, the interests of shareholders and management may not coincide. Also, the possibility of dividing administrative workers into conflicting groups is not excluded, each of these groups pursues its own interests.

Therefore, the "Theory of Interested Parties" believes that the purpose of the activity of any firm is to harmonize the mutually conflicting goals of legal entities and individuals - shareholders, hired management employees, contractors, government agencies - directly or indirectly involved in the work of the firm. In particular, the company should not only strive to maximize profits, but also take care of the social status of its employees and the environment. Recently, the "Theory of maximizing the wealth of shareholders" (Welth Maximision Theory) has become widespread. It is well known that none of the existing criteria-profit, profitability, production volume, etc. - can be considered as a generalizing criterion for the effectiveness of financial decisions made. Such criteria should be based, first of all, on forecasting the profits of the owners of firms, secondly, they should be reasonable and clear, and thirdly, they should be acceptable in all aspects of management decision-making, such as resource search, investment, income distribution (dividends) and others.

It is believed that these conditions are most consistent with the criterion of maximizing equity, that is, the market value of the company's ordinary shares. This is due to the fact that the well-being of the company's owners is reflected not only in an increase in current profits, but also in an increase in the market value of their property. Therefore, any financial decision that will increase the value of shares in the future should be considered acceptable by the owners of the enterprise and the management staff.

However, the use of this criterion in practice is difficult for a number of reasons:

- it is based on a probable assessment of future income, expenses, cash flows and related risks;
- not all firms have the same market value, interpreted by financial analysts, especially if the company's shares are not traded on the stock market;
- in some cases, this criterion may not be applied at all. For example, when investing in the hope of dividends, but with a high risk. In the future, the

market price of shares of such companies may significantly decrease depending on the level of risk;

- this criterion should not be applied if the company has a different purpose, and not the maximum profit. For example, charitable and other social goals may be a priority in the company's activities.

If the criteria for maximizing the market value of the company are not applied, it is advisable to use absolute and relative indicators of profit and profitability to justify financial decisions. But in this case, we should not lose sight of the disadvantages of the "profit maximization"criterion:

- there are various types of profit indicators (profit from operating activities, balance sheet profit, profit before tax, taxable profit, net profit, etc.). Therefore, a specific profit indicator used to assess the effectiveness of financial decisions should be sufficiently justified and accurate;
- the profit criterion cannot be used if the two alternatives differ in the expected size and time of income generation;
- the profit criteria do not take into account the quality, probability and risks of generating income.

Thus, the criterion of maximizing the market value of the company's shares can be considered as the most justified and priority. However, this criterion can really manifest itself only in the absence of any restrictions or discrimination in the formation of stock prices on the capital market, that is, when the principle of "supply and demand" is fully implemented, the actions of investors are associated with the formation of the market price of securities. According to the Market Analysis Theory, the true value of an estimated (quoted) security is determined only by market conditions, which means it can be predicted by analyzing its dynamics by analyzing the trend. According to this theory, the decision of potential investors to buy or sell shares is based on the dynamics of their valuation. However, the practice of large exchanges indicates that this criterion is not always met.

In practice, the "Theory of walking at random" (Random Wolk Theory)seems more realistic. According to this theory, stock prices and futures prices fluctuate randomly and cannot be predicted by processing past market data. Based on this theory, the Efficient Market Hypothesis(EMH) has been developed , according to which, with free access to the market at any time, the share price is the most accurate expression of its internal value and, therefore, most accurately expresses its future price.

1.3. The subject and objectives of financial management

Financial management is aimed at organizing and managing the processes of formation, distribution and use of funds in the enterprise. Although financial management primarily serves short-term and current tasks, it also plays an important role in determining the strategic direction of the company's development. The following are the main tasks of financial management:

- increase in profit;
- ensuring the continuity and balance of cash flows at the enterprise;
- optimization of the company's capital structure;
- ensuring financial stability;
- clarification of the financial and economic condition of the enterprise for owners(shareholders), investors and creditors;
- achieving investment attractiveness;
- the use of market mechanisms in attracting financial resources.

At the enterprise, many reasons can lead to a lack of financial resources. This may be due to both internal reasons (the company is not competitive enough with its products) and external reasons (low customer solvency). In such circumstances, ensuring the sufficiency of financial resources and maintaining the solvency of the enterprise becomes a priority in financial management.

Financial management should ensure the effective achievement of the strategic and tactical goals of the enterprise, that is, have a targeted orientation. To do this, it is necessary to develop the financial policy of the enterprise. The development of financial policy means:

- analysis of the financial and economic condition of the enterprise;
- development of the company's accounting policy and planning of the company's activities as a taxpayer;
- management of working capital, accounts payable and receivables;
- cost allocation and depreciation policy management;
- the choice of a dividend policy.

The analysis of the financial and economic state involves, first of all, the study of the composition of the company's property, its financial investments, sources of equity formation, volumes and sources of borrowing, relationships with suppliers of material resources and buyers of products, sales revenue and sales volume. The analysis is carried out in three main directions. Horizontal analysis - the indicators of the current period are compared with previous periods or plans. In the vertical analysis, the specific weight of individual articles in the final indicator is determined, and then the results are compared with the data of the previous period. Trend analysis reveals changes in the reporting indicators over a number of years. When analyzing the financial and economic state, it is necessary to take into account changes in the planning methods used in different periods, the features and nature of accounting policy, changes in the conditions and directions of the enterprise's activities (business diversification) and other factors.

It is obvious that the tasks assigned to financial management require the creation of a service for the constant analysis of the financial and economic activities of the enterprise. This service analyzes the production costs, cash costs and income of the enterprise for a certain period, compares them with various basic indicators, and also studies the nature and causes of changes (differences). The analysis of accounts receivable and accounts payable is also carried out, which

allows for better control of the receipt of cash income and the implementation of expenses of the enterprise. As part of this work, a periodic inventory of debts is carried out, identifying the causes and perpetrators of fines imposed on the enterprise.

As part of the liberalization strategy of our country, enterprises have recently been given certain opportunities to choose a depreciation policy. An enterprise can apply accelerated depreciation and thereby increase costs. This will affect the cost of the product and pricing policy, property taxes and income tax.

The joint-stock company should develop a dividend policy. It is aimed at protecting the interests of the owners, on the one hand, and on the other, to serve the interests of the enterprise for future investors. At the same time, it is wrong to believe that the interests of business owners are related only to dividends. The full distribution of profits will negatively affect the company's savings. Most of the profit should be reinvested to ensure stable prospects, competitiveness and financial stability of the enterprise. Therefore, the dividend policy is based on the general financial and economic condition of the enterprise.

Another important aspect of financial management is the rational use of borrowed funds. If the company has a strong market position and sales of its products provide a sufficient profit margin and there are real opportunities to increase this profit, it may be possible to attract borrowed funds, including on a long-term basis, to maximize production.

As mentioned above, financial management is focused on increasing the profit or economic efficiency of the enterprise. Of course, profit is a very important expression of economic efficiency, but there are other aspects of efficiency. Financial management should influence all aspects of efficiency.

1.4. Decision-making in financial management

Financial management at the enterprise is subordinated to the goals related to various aspects of the enterprise's activities. The effectiveness of financial

management is also reflected in the degree to which these goals are achieved. Of course, the company has many qualitatively and quantitatively identifiable goals:

- the survival of the company in a competitive environment;
- do not go bankrupt and avoid major financial troubles;
- leadership in the fight against competitors;
- maximizing the market value of the company;
- stable rates of economic growth of the enterprise;
- increase in production and sales;
- profit maximization;
- minimizing costs;
- ensuring profitable activities, etc.

Recognition of the priority of any of the above goals will have a significant impact on the forms, content, directions and methods of financial management of the enterprise. At the same time, the hierarchy of goals depends on the forms of ownership, the organizational and economic form of the enterprise, the chosen organizational structure and many other internal and external factors and conditions.

The theories that make up the scientific content of financial management are the basis for making financial decisions. In other words, theories give financial managers the most general instructions on what to do. Of course, any theoretical approach implies certain conditions. The fact that some of them do not exist in practice may make it impossible to apply the theoretical conclusion to a practical situation. However, the importance of theoretical approaches cannot be denied.

One of the most important concepts of the theory of financial management is the idea of an ideal or perfect capital market. This concept includes the following conditions: 1) no transaction costs; 2) no taxes; 3) the presence of a large number of buyers and sellers, as a result of which the actions of an individual buyer or seller do not affect the price of the relevant securities; 4) equal access of legal entities and individuals to the market; 5) no costs for obtaining information, which

means equal and free access to information for all market participants; 6) participants have the same goals; 7) no expenses related to financial difficulties.

In real life, it is very difficult to achieve the full availability of all these conditions. Although the theory is based on many conditions, it is possible to "mitigate" these conditions one by one and determine the influence of certain factors on the result . Such an analysis is very useful when developing financial solutions. One of the theoretical concepts of financial management is discounted cash flow, DCF (Discounted Cash Flow). All financial decisions are based on the assessment of projected cash flows. This is why the analysis of discounted cash flows is so important. The concept of DCF analysis was first developed by John Burr Williams (Williams JB, The Theory of Investment Value. Cambridge, Mass., 1938). Myron J. Gordon was the first to apply this method to corporate finance management(Gordon M. J. The Investment, Financing,and Value of the Corporation. Homewood, Jll.: Irwin, 1962).

The DCF analysis is based on the time value of money. Today's dollar is worth more than the dollar that will be earned later, because now it brings additional income, since if you invest it in any asset, it will bring additional income. The DCF analysis includes four stages:

1) calculation of projected cash flows;

2) risk assessment for cash flows;

3) introduction of the identified risk level into the analysis;

4) determination of the present value of the cash flow .

Any discounted cash flow analysis should use a discount rate that takes into account opportunity costs. Such a rate should reflect the influence of the following factors:

1. The risk of a specific cash flow. The discount rate should reflect the level of risk inherent in the analyzed flows. The higher the risk, the higher the discount rate.

2. A higher level of profitability, that is, the discount rate, should reflect the average profitability that has developed in the economy.

3. *The frequency of cash flows*, that is, the intervals for which cash flows are considered - a year, a half-year or another time interval. As a rule, the discount rate and the amount of cash flow are indicated on an annualized basis. But if the interval differs from the year when analyzing cash flows, this should be reflected in the discount rate.

Questions for monitoring and discussion

1. Explain the factors of the formation of financial management as a science.

2. How have international approaches to the concept of financial management developed?

3. Formulate the concept of financial management.

4. Specify the tasks of financial management.

5. What are the goals of financial management?

Chapter 2

The conceptual foundations of financial management

2.1. The role of theoretical knowledge and concepts in the formation of financial management as an independent science

The holistic concept of financial management is based on the following interrelated concepts:

1. The concept of cash flows.

2. The concept of the time value of funds.

3. The concept of a compromise between risk and profit (profit).

4. The concept of capital.

5. The concept of capital market efficiency.

6. The concept of information diversity.

7. The concept of agency relations.

8. The concept of alternative costs.

1. The concept of cash flows assumes:

- identification of cash flows, identification of their duration and types of cash flows (short-term, long-term, interest-free and interest-free);
- assessment of the factors that determine the volume of cash flow elements ;

- selection of discount coefficients that allow you to compare the growing elements of the cash flow at different times;
- assess the risks associated with the flow, as well as calculation methods.

*2. The concept of the time value of funds.*The time value is an objective description of the funds in circulation.

It is based on three reasons:

a) inflation;

b) the risk of full or partial non-receipt of the expected income (profit);

c) turnover.

3. *The concept of a compromise between risk and income (profit).* The meaning of this principle is that in business, any profit is always and continuously associated with a large risk (risk), and the relationship between them is directly proportional. However, there may be times when maximizing profit means minimizing risk.

4. *The concept of the price of capital* - the maintenance of a specific source of financing for the firm does not proceed monotonously. As a result, the price of capital includes the cost of maintaining each source and the minimum income required to cover losses.The quantitative determination of the price of capital is central to the analysis of investment projects and the choice of alternatives.

5. *The concept of capital market efficiency* – the volume of transactions in financial markets (with securities) depends on how much the value of securities corresponds to current prices. The market value depends on many factors, including information. The flow of information is one of the key factors, the speed of information affects prices, can change the efficiency of the market.

Here the term "efficiency" is applied not in the economic sense, but in relation to information. The effectiveness of the market depends on how rich it is

in information and how quickly this information can reach the participants. In order for the market to achieve information efficiency, the following conditions must be met:

- there are quite a large number of buyers and sellers on the market;
- information about the market is distributed to all subjects simultaneously and does not require the cost of obtaining it;
- there are no transaction costs for transactions, there are no barriers, taxes and other factors for concluding contracts;
- contracts between individual individuals and legal entities do not affect the overall market price;
- all market participants act rationally to maximize the expected benefits;
- the impossibility of obtaining excess income when trading securities, that is, all market participants expect such a prospect to be equally likely.

An effective market has two specific features:

1. An investor in this market within the established risk framework does not have a reasonable opportunity to earn more than the average yield.

2. The return on invested capital is a function of the level of risk. The concept of market efficiency is represented by three types of efficiency:

1) low level;

2) moderate;

3) strong level.

In conditions of a low level of efficiency, the current share price fully reflects the price dynamics over the past period. At the same time, based on price statistics, it is impossible to reasonably predict an increase or decrease in exchange rates in advance.

With moderate efficiency, the current share price is characterized not only by past price fluctuations, but also by the receipt of all equally accessible information on the market. This information is immediately reflected in the prices.

With a high level of efficiency, current market prices act as information belonging to all market participants. In other words, no one has the opportunity to receive excess returns on securities.

6. *The concept of information diversity* is inextricably linked with the fifth concept. Its meaning is as follows: information that has not reached other participants may become the property of a separate category of persons.

The use of this information can have both positive and negative consequences.

7. The introduction of *the concept of agency relations* in financial management is associated with the complexity of the organizational and legal form of business.

It is assumed that in complex legal forms there is a gap between the management function and the property function, that is, the owners of companies move away from management, and management is carried out by the company's managers. In order to establish an acceptable relationship between managers and the owners of the company, as well as to prevent negative actions of managers, the owners must cover agency costs (for example, restricting managers in the use of income) 8. The concept of opportunity costs. It means that any attachment always has an alternative option.

2.2. The main models used in financial management

Corporate assets, including financial assets, exist in various forms. In this context, we can talk about a portfolio of financial assets or an investment portfolio. Within the limits of their financial capabilities, enterprises can also direct their resources to various combinations of financial assets.

The theories of William Sharp and Harry Markowitz about the investment portfolio have now received the most recognition. Main provisions:

1. The success of an investment depends on its distribution by type of assets.

2. The risk of investing in a specific security is determined by the probability that the projected profit may differ from the expected value. The predicted amount can be determined by processing statistical data on the dynamics of profit, and the risk can be defined as a quadratic deviation from the expected profit.

3. The total profitability of the investment portfolio may change with changes in its structure. Therefore, we should strive to reduce the overall risk and increase the overall profit.

4. All estimates used in the formation of the portfolio are probable.

A portfolio that provides the maximum expected return at a given level of risk or the minimum risk at a specified level of return is called an effective portfolio. The algorithm for determining the effective portfolio was developed in the 1950s by G. Markowitz.

The ownership of any asset that affects the total income of the enterprise is associated with a certain risk. The overall risk of the portfolio consists of two parts:

- diversified (non-systemic risk), this risk can be smoothed out by diversifying investments;
- non-diversifiable (systemic or market) risk, which cannot be reduced by changing the structure of the portfolio.

When forming a portfolio, the main attention is paid to market risks. Within the framework of the" Portfolio Theory", the optimal distribution of portfolio risk and profit estimation is carried out using statistical methods. This theory has four elements:

- asset valuation;
- investment decisions;

- portfolio optimization;
- evaluation of the results.

One of the concepts underlying financial management is the theory of capital structure. This theory is stated in two works by Franco Modigliani and Merton Miller in 1958 and in 1963 (Modigliani F. Miller M. H. The Cost of Capital, Corporation Finance and the Theory of Investment. Amer. Econ. Rev 1963, June. P. 261-297; Modigliani F., Miller M. H. Taxes and the Cost of Capital: A Correction.- Amer. Econ. Rev. 1963 June. P. 433-443). According to this theory, the value of any company will be determined by its future income and does not depend on the capital structure. If it is more profitable to finance the company's activities with borrowed capital, the owners of shares of a company with a mixed capital structure sell part of the shares of their own company, the proceeds are used to buy shares of a company that does not use attracted sources. Transactions with securities of firms will eventually lead to an equation of the prices of these firms. Thus, the market value of a firm's shares does not depend on the ratio between its own and borrowed capital.

When managing an investment portfolio, it is necessary to analyze them in order to decide whether to add new instruments to the portfolio. There are several ways to do this, including the ARM - Capital Asset Pricing Model. The model connects systemic risk and profitability. The SARM model is based on a number of hypotheses:

1. Every investor strives to maximize his wealth by the end of the planned period.

2. All investors can provide and receive unlimited amounts of loans at a certain risk-free interest rate, while there are no restrictions on the "short" sale of assets (a contract for the sale of assets that the seller does not have available at the time of sale).

3. All investors equally assess the expected return, variance and covariance for all assets.

4. All assets can be divided and completely liquid (can be sold completely at market prices).

5. No transaction costs.

6. Taxes are not taken into account.

7. All investors perceive prices as exogenous values (the activity of sellers does not affect market prices).

8. The values of all financial assets are predetermined and do not change.

The logic of the model is expressed as follows:

$Y = f(x)$,

Where Y is the yield, x is the risk level of the asset.

This formula means that, firstly, profitability is directly related to risk, secondly, the risk is expressed by some indicator (B-coefficient), thirdly, there are assets with an average level of risk and, fourth, there are income-generating assets with zero risk. The average risk coefficient for the market is assumed to be equal to 1. Accordingly, for assets with high risk, the risk coefficient is greater than 1. In the ARM model, systemic risks are represented by this coefficient. An increase in the total coefficient for the portfolio means an increase in risk. An important point is that profitability is directly proportional to the level of risk, which means that higher returns are promised for assets with higher risk. Developed by the efforts of W. Sharp, J. Lintner and J. Mossin in the 60s of the 20th century. this model evaluates the profitability of financial assets, linking the profitability of the portfolio with systemic risks.

In his 1963 work, F. Modigliani and M. Miller introduced the corporate tax factor, which means, i.e., they relaxed the condition for the absence of taxes. If we take into account the corporation tax, all other things being equal, the higher the borrowed capital, the higher the share price. This is due to the fact that shareholders receive income after taxes, and payments to creditors are made from profit before taxes. Such an asymmetry in taxation leads to an increase in the part of income that is left to investors, due to an increase in borrowed capital. Thus, if

the company was financed by 100% of the borrowed capital, the stock price would be the highest.

However, in real life, the share of debt in the company's capital falls far short of 100%. The above model does not take into account the costs of overcoming difficulties associated with an unfavorable capital structure. Therefore, as the share of loans in the capital increases, savings are achieved by reducing tax payments. However, when a high level of borrowed resources is reached, the costs may outweigh these savings. The Modigliani-Miller theory, improved taking into account financial difficulties, gives the following conclusions:

1) a certain share of borrowed capital is profitable for the company;
2) excessive use of borrowed capital will damage the company;
3) there is an optimal share of borrowed capital for each company.

This theory is called the theory of the compromise between saving tax payments and saving financial costs (tax savings-financial costs trade off theory) and allows you to better understand the factors that affect the optimal capital structure.

One of the ideas put forward by F.Modigliani and M. Miller in the field of Financial management is the theory of dividends (Miller M. H., Modigliani F. Dividend Policy, Growth and the Valuation of Shares. - Journ. Business. 1961 Oct. P. 411-433).According to it, the company's dividend policy does not affect the price of its shares. Because every dollar received by shareholders in the form of dividends will deprive them of future dividends. The discounted value of future income is equal to current income.

The concept of an investment portfolio plays a special role in financial management. It was founded by Harry Markovitz, who received the Nobel Prize in Economics in 1990 (Markovits Portfolio Selection.- Journ. Finance. 1952. March. P. 77-91). The main conclusions of the portfolio theory of G. Markovits: 1) investors should group assets into investment portfolios to minimize risk; 2) the risk of a particular asset should be measured by its impact on the overall risk of a

diversified portfolio. Although portfolio theory encourages investors to measure risk, it does not clarify the relationship between risk levels and returns.

The financial asset yield estimation model developed by William Sharpe (Capital Asset Pricing Model, CAPM) expresses this dependence (Sharpe W. F. Capital Asset Prices: A Theory of Marut Equilibrium Under Conditions of Risk.- Journ. Finance. 1964. Sept. P.425-442). The SARM assumes that there is an ideal capital market. According to this model, the required return for each type of risky assets, the required return is a function of three variables: the risk-free return, the average return on the securities market and the index of fluctuations in the yield of this financial asset relative to the average return on the market. The MSAR is important in determining the total cost of the company's capital and the required profitability of individual projects.

One of the important theoretical conclusions used in financial management is the Efficient Markets Hypothesis (EMH). Here, the word "efficiency" refers to market information, and the concept of "effective market" means that all known information is reflected in its prices. To ensure the information efficiency of the market, four conditions must be met:

1. Information is open to all market participants at the same time, and obtaining information is not associated with any costs.

2. There are no transaction costs, taxes or other factors that prevent transactions.

3. Transactions made by individual individuals or legal entities cannot affect the overall price level.

4. All market participants act reasonably and strive to maximize the expected profit.

The Market Efficiency Hypothesis (EMN) allows us to conclude that the value of a firm cannot be increased by operations in the financial market. Because the net present value (NPV) of these operations is zero. Thus, the value of the company increases only as a result of operations related to the movement of tangible goods and services. The value of financial assets is usually an objective

amount. Analytical arguments or arguments about the increase or decrease in the value of any securities that represent these assets should be carefully studied.

Agency relations arise when the ownership of financial resources is separated from the disposal of these resources. Resource owners are called principals, who delegate decision-making authority to agents. From the point of view of financial management, the most important agency relations arise between shareholders and managers, as well as between creditors and shareholders. Decisions made by managers and actions that do not meet the interests of shareholders will cause agency conflicts. Establishing shareholder control over managers requires costs known as agency costs. An example of such costs is the cost of conducting an audit. One of the ways to resolve agency conflicts is a system of rewarding managers.

The model of arbitration pricing by Stephen Ross (Arbitration Pricing Theory). The concept of arbitration in financial management. This approach was proposed by Stephen Ross of Yale University in 1976. The model is based on the assumption that the real yield of any stock is divided into two parts: normal, that is, expected, and risk-related, that is, uncertain yield. In turn, the risk depends on many factors. This model can be expressed in the words:

Actual profitability = expected profit + influence of the first factor + influence of the second factor + ... + influence of factors not included in the model.

The impact of each factor is defined as the multiplication of the change in the factor by a coefficient that reflects the degree to which profitability depends on the impact of this factor. The choice of factors should be based on a thorough qualitative analysis. The use of the model is based on a rather complex apparatus of mathematical statistics.

The theory of the "capital structure" by Franco Modigliani Merton Miller. By F. Under certain conditions, the market value of the firm and the cost of capital do not depend on the capital structure and, therefore, cannot be optimized and it is impossible to increase the market value of the firm by changing the structure of its capital. This approach is based on the following assumptions:

- availability of an effective capital market (free of charge information, all interested parties can enter the market, there are no transaction costs, endless splitting of the securities package is possible, rational behavior of investors);
- companies issue only two types of obligations - debt obligations (bonds) with a risk-free rate and shares (risk capital);
- individuals can conduct debt transactions at a risk-free rate;
- no expenses related to bankruptcy;
- all companies belong to the same risk group;
- expected cash flows consist of an indefinite annuity (income is not increasing);
- no taxes.

The theory of capital structure has two conclusions:

- the market value of a company does not depend on the capital structure and is determined by capitalizing its operating profit at a rate corresponding to the risk category inherent in this company;
- the cost of capital of a financially dependent company is determined by the amount of the cost of equity of a financially independent company similar in income and risk level and the risk premium. The risk premium is determined by multiplying the difference between the values of the cost of equity and borrowed capital by the amount of financial leverage.

From these conclusions, it can be seen that attracting cheaper sources does not increase the market value of the company. This is because the benefits of cheaper resources will be lost due to increased risk and, as a result, capital depreciation.

Questions for monitoring and discussion

1. What are the basic concepts in financial management? 2. Describe the conclusions of the Modigliani-Miller theory.

3. What assumptions are the basis of the ARM model?

Chapter 3

The mechanism of organization of financial management at enterprises

3.1. Main areas of financial activity

The market economy provides for the production of products by economic entities for supply on the market in accordance with the demand and needs of specific consumers in order to obtain maximum profit.

The market conditions of economic management, the prospects for socio-economic development of the country suggest the creation of an appropriate financial management system. It should meet the requirements of economic prospects, the mentality of the population, and also not contradict the real economic freedom for economic entities. Modern financial management, as an effective system of managing subjects, has such opportunities.

The study of the external environment of enterprises and organizations of the Republic of Uzbekistan (organizational and legal bases of entrepreneurial activity, goods, services, financial markets, pricing systems, accounting systems) and the analysis of their main activities (marketing research, financial management, production, sales, accounting and personnel management) show that economic entities face changes in the external and internal environment. In such cases, they try to solve non-traditional tasks using traditional methods of problem solving.

Therefore, in the modern conditions of market competition, economic entities face the problem of adapting to the changes taking place in the external and internal environment. Without its solution, there is not only a profitable activity, but also the very existence of the subject. Financial management is also one of the

main activities of any entity. Financial management is the management of financial resources and capital in the subjects.

As a type of financial management, there are two main areas:

- internal economic activity, including the management of financial resources and capital based on the decisions of the company's management;
- external management of financial resources and capital, which is carried out in the process of establishing financial relations between enterprises and other business entities.

The management system will provide the necessary control over the managed objects. Management activities are usually distributed among the responsible persons of the organization and between special departments. Control systems can be linear, functional, linear-functional, functional-linear and other combinations.

The main goal of financial management, which is a modern financial management system, is to achieve the distribution of economic benefits between economic entities on the principles of mutual social justice.

An important methodological basis of financial management is the definition of the general principles of its organization. This, in turn, is necessary for financial management to identify the manager's work and determine the general criteria for his work. It should be remembered that financial management is reflected not only within the subjects, but also in the interaction of the budget, extra-budgetary funds, banks and other creditors, financial institutions and institutional investors.

In some cases, financial management is influenced by general management principles, including planning, incentives, compatibility, variability and purposefulness of individual elements. Of course, as we have already noted, the formation of a financial management system is determined by the economic independence of business entities, that is, the creation of broad opportunities for entrepreneurial activity. At the same time, the system of tax relations with the budget, the formation of credit and investment methods in the formation of fixed

and working capital, responsibility for various risks in their economic activities are based on market mechanisms, the transfer of profits to entities and other factors. Therefore, we can say that the basis for studying the concept of financial management is entrepreneurial activity.

Entrepreneurship is an independent and risk-based activity that is aimed at obtaining systematic benefits from the use of property, the sale of goods, works and services. Financial management is closely related to the financial processes that affect the business.

Financial management involves the use of financial resources in the financial activities of enterprises and the choice of their effective directions, which are associated with the process of analysis, planning, management, and financial decision-making.

In the case of financial management functions, the financial management management system includes the following:

1. Organizational structure of financial management.
2. Financial management values.
3. Financial support.
4. Financial methods.
5. Financial information.
6. Technical means of financial management.

As in the case of other economic categories, the essence of financial management can be defined through its functions. The organization of financial activities of enterprises and commercial organizations requires scientifically based management functions.

Scientists have different approaches and views on the functions of financial management. The most common of them are:

- the function of reproduction and balance of funds;
- the distribution function of funds;
- control function.

Financial management should ensure a balanced flow of resources and resources in the reproduction process. Different parts of the resources available to the enterprise are incompatible. Achievements in the process of mass production will take the form of fixed and working capital. The components of the prepaid capital are converted into cash at different times. At the same time, in order to ensure the continuity of production, an adequate replenishment of fixed and working capital is required. Consequently, financial management ensures that the financial resources of the enterprise are formed and directed to the replenishment of fixed and working capital in accordance with the needs of reproduction.

The distributive function of financial management is inextricably linked with its reproductive function. The distribution begins with the creation of a compensation fund.

The gross income from operating enterprises and organizations is distributed as follows. Initially, net revenue will be obtained by deducting value added tax, excise tax and other taxes and mandatory payments from gross revenue. The net profit of the enterprise is formed after payment of material costs, wages, deductions to the Social Insurance Fund, depreciation and other expenses.

The following diagram illustrates the process of distributing gross profit in an enterprise.

Financial management determines the company's profit distribution policy, its role in the production process and incentives. As a result of the income distribution process, funds are created, financial programs and activities are implemented and an optimal capital structure is provided.

The control function of financial management is carried out as a control of the sum. This includes monitoring changes in financial indicators, monitoring the settlement process and monitoring the implementation of the financial strategy.

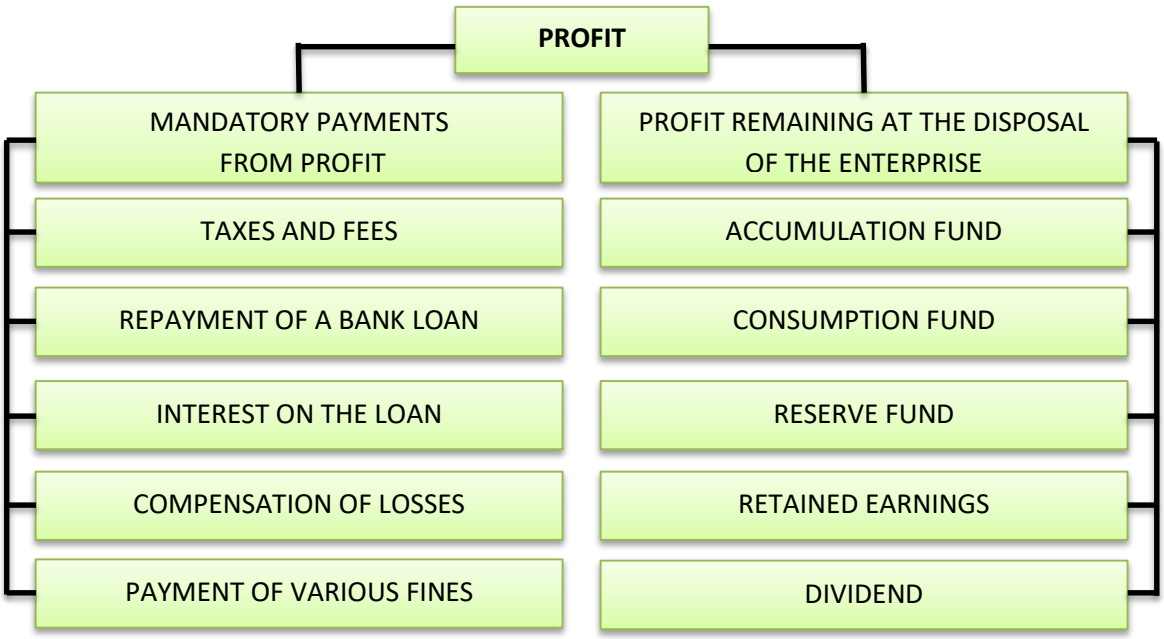
The control function of financial management is always connected with its function of reproduction and distribution.

The control function of financial management serves to identify the sources of income of the enterprise and to determine the optimal structure of funds in the

process of production and sale, as well as to regulate the income and expenses of monetary and material resources of the enterprise.

Figure 3. 1

The scheme of profit distribution at enterprises and in commercial organizations



Efficient use of raw materials and resources, increased labor productivity, timely repayment of debts and payments are important in balancing material and financial resources, income and expenses of the enterprise. That is why the control function of financial management covers the following areas:

- control of timely payments for all sources of financing of the enterprise;
- control over the structure of funds based on the needs of production and social development at the enterprise;
- control over the targeted and effective use of financial resources.

It is necessary to develop enterprise management standards. At the same time, the sources and amount of funding for the fund are determined. That is,

within the enterprise, financial resources are regulated using economic norms and economic relations are established. The use of funds is based on assessments and monitoring of the targeted and effective use of funds.

3.2. Issues of organization of financial activities at enterprises

In a market economy, entrepreneurial activity can be carried out by the owner himself or by a person hired by him. In most enterprises (for example, in joint-stock companies), ownership is separated from the direct management of the enterprise. At large enterprises, financial management in business (general economic management) is a separate task and is carried out by the appropriate personnel. In a small business, financial management is inseparable from general management.

When financial management is assigned to a specific employee, the relationship between the entity and this employee is established on a contractual basis.

When the owner is engaged in entrepreneurship independently, he / she performs the following duties:

- to find new ideas and evaluate them;
- preparation of a business plan;
- search for funds or sources of investment;
- management of the created enterprise.

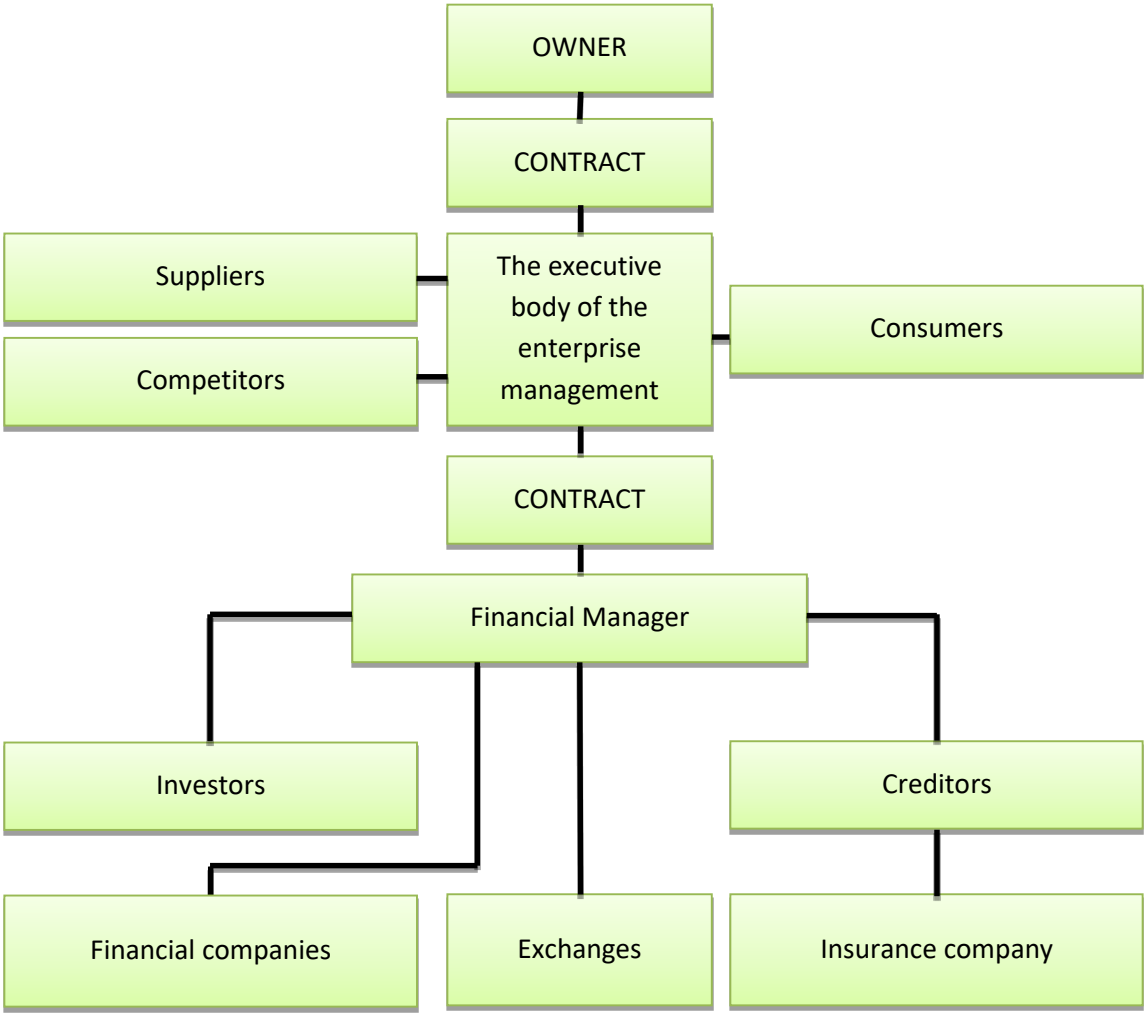
To perform the above tasks, it is necessary to use financial management, since these functions are closely related to financial activities. In this case, the need for financial management arises due to the following factors:

- the need for self-financing;
- study of the impact of market prices;

- the need to study the labor market;
- accounting for changes in the money market;
- compliance with legislative acts regulating the obligations of the enterprise to the state.

Figure 3. 2.

Relationships Owner-Entrepreneur (Executive Manager) - Financial Manager



When the executive director and the owner conduct their activities separately from each other, a corresponding agreement is concluded between the owner and the executive manager (manager) and the rights and obligations for property management are transferred to the manager.

The executive director independently solves all issues and problems in the company's activities and acts in accordance with the company's charter in accordance with the current legislation.

The Executive manager has the following rights:

- opening of deposit accounts and foreign currency accounts in banks;
- conclusion of various contracts and contracts, including employment contracts;
- disposal of the company's funds, using them to reimburse costs and purchase resources;
- conducting economic, legal and administrative activities on behalf of the enterprise;
- management of the company, etc.

The main tasks of doing business are :

- organization and management of business and organization of effective communications within the enterprise and in departments;
- organization of the implementation of the tasks of the current and strategic plan;
- ensuring the solvency and liquidity of the enterprise;
- preparation of reports on the financial and economic activities of the enterprise and their submission to the relevant organizations;
- to carry out business activities within the framework of the law;
- ensuring the confidentiality of commercial secrets and non-disclosure of business information;
- timely submission of accounting and financial statements to financial, tax and banking authorities;
- fulfillment of tax obligations in accordance with the Tax Code of the Republic of Uzbekistan;

- fulfillment of other obligations, full compliance with the company's charter and fulfillment of obligations arising from contracts and contracts.

In case of intentional infliction of material damage to the enterprise in the performance of its duties, the executive director shall compensate for the losses incurred in accordance with the established procedure.

3.3. The mechanism of the organization of financial management at enterprises

As it was noted, financial management is the management of financial resources and capital in an enterprise. In the most general approach, the control system provides the necessary impact on the managed objects. Management activities are usually distributed between responsible persons and special links of the organization. The links of the control system can be linear, functional, linear-functional and in various other combinations.

Financial management–a system for directing management to the company is aimed at achieving common goals. The Russian economist L. Pavlova emphasizes that financial management, on the one hand, is a managed system that has clear patterns and significance, and on the other hand, a management system that is part of the overall enterprise management system1. This approach implies that financial management as a managed system is the sphere of influence of the state through taxes, prices, wages and other tools. The main goal of financial management as a modern financial management system is to achieve the distribution of economic benefits based on the principles of social justice.

An important methodological basis of financial management is the definition of the general principles of its organization. This, in turn, is necessary to determine the activities of financial management, to determine the general criteria for its functioning. It should be taken into account that financial management is carried out not only within the company, but also is expressed on a regular basis in

relations with the budget, extra-budgetary funds, banks and other creditors, financial and credit institutions, institutional investors.

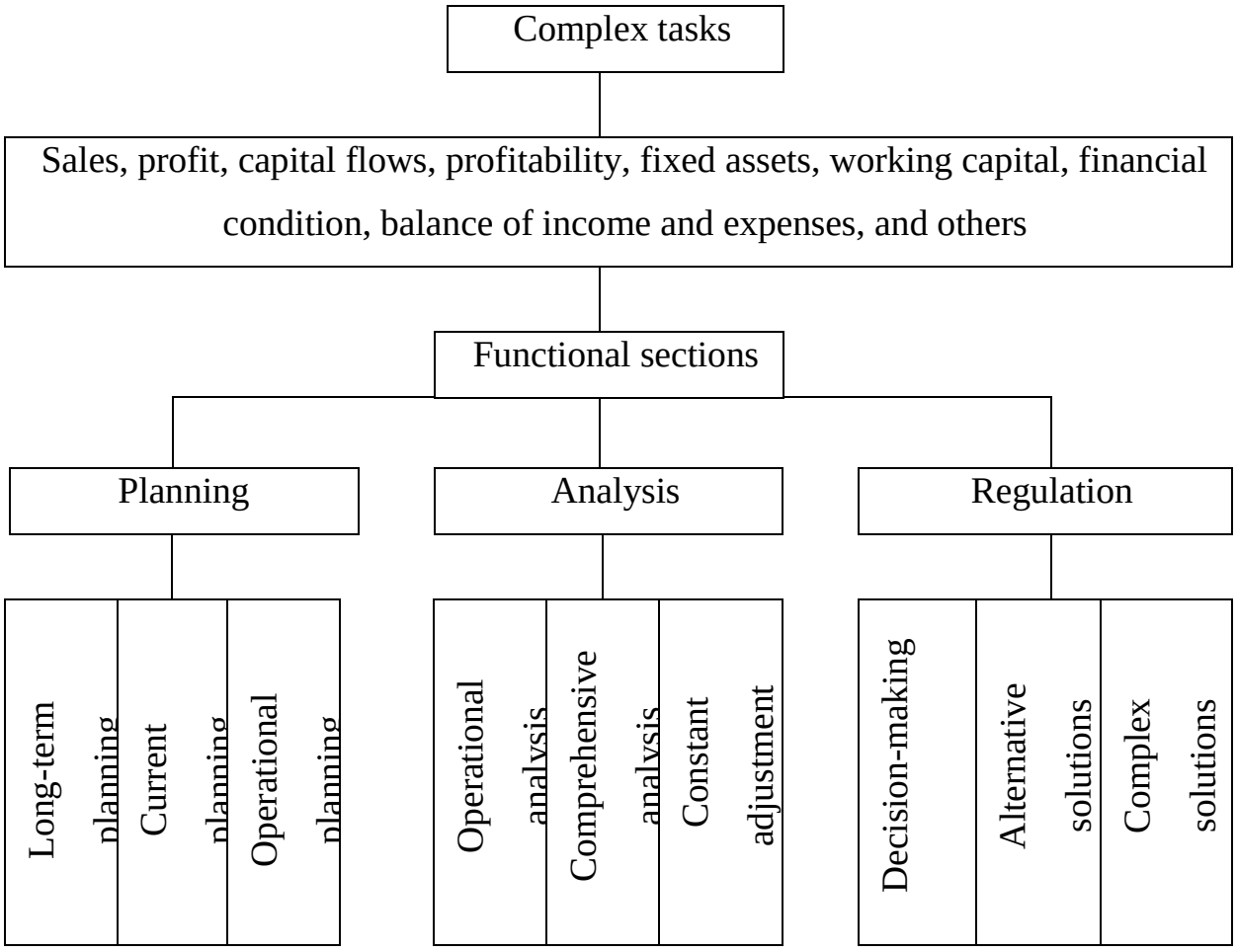
In financial management, there are general principles of management organization, such as planning, stimulation, mutual correspondence of individual elements, variability, and target orientation. The formation of financial management is determined by the economic independence of economic entities, the formation of broad opportunities for entrepreneurial activity. At the same time, the formation of tax relations with the budget, the use of credit and investment methods in the formation of fixed and working capital, the possibility of allocating responsibility for risks based on market mechanisms are important. Therefore, it is impossible to separate the study of the concept of financial management from the fundamental principles of entrepreneurial activity.

Entrepreneurship is an independent, risk-related activity aimed at systematically obtaining profit as a result of the use of property, the sale of goods, the performance of works and services. Financial management is connected with organizational, technical and technological, financial and economic processes, directly and indirectly.

Financial management includes, first of all, the use of financial resources in the company's activities and the choice of effective directions for their use, and this process is associated with analysis, planning, management, and financial decision-making. This is reflected in the following figure.

Figure 3. 3.

Financial management structure [1]



These complex functions of financial management include elements of assessing the impact of financial results of economic activity on the movement of economic resources.

The functioning of the financial mechanism is organically connected with the formation, study and ordering of analytical, planned information about financial indicators and processes. Often, financial planning and financial analysis are considered independent areas of financial work in an enterprise. Current and operational financial work, in turn, is based on planning and analysis.

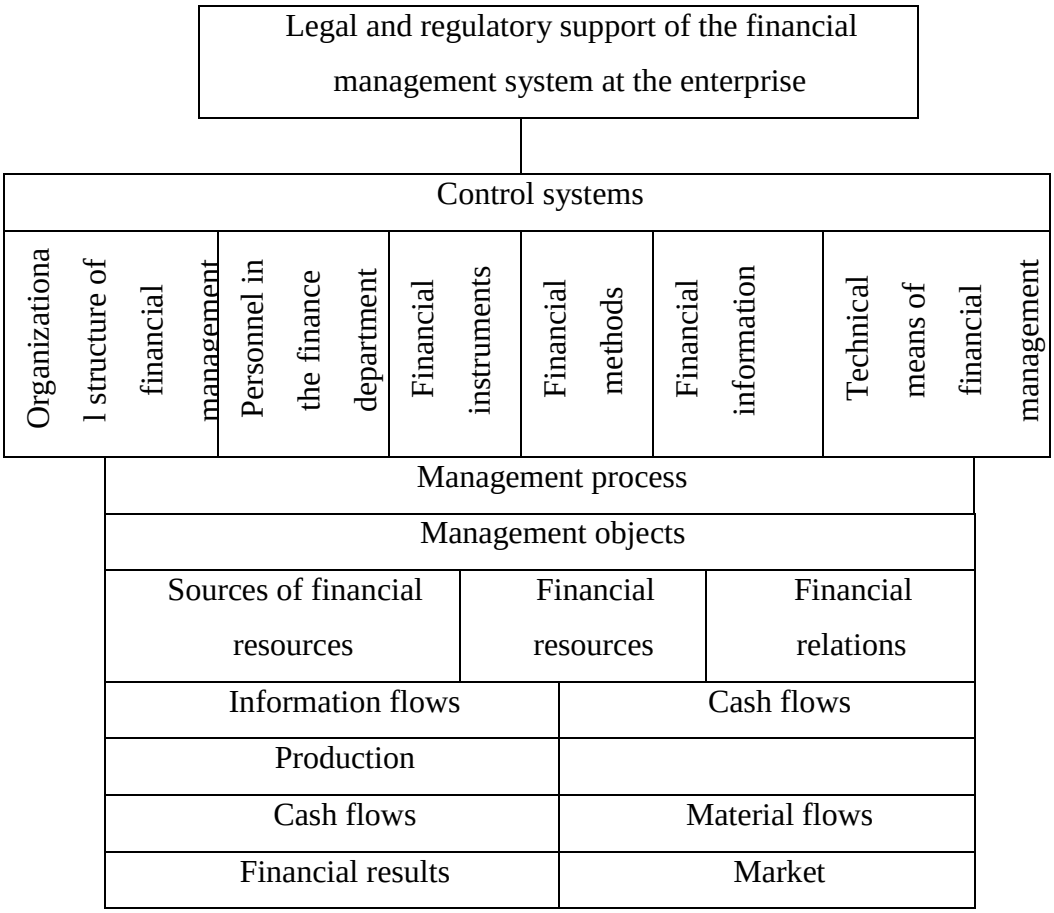
[1] "Market, Money, Credit" Magazine, No. 4. 2000y.

It should be emphasized that the analysis unit includes the continuous collection of information, its accounting and generalization. In the planning block, a part of the business plan is planned for the movement of financial resources.

In addition, the effective functioning of financial management is based on providing the necessary information for decision-making.

Figure 3. 4.

Organizational structure of the financial management system.



The figure shows that information flows play an important role in the organization of financial management at the enterprise. The sources of information are the results of the operating, financial and investment activities of the enterprise. Thus, you can see that the information comes from production, from markets, from the budget, from owners and contractors. Information about the production and sale of products, as well as the results of the primary distribution of costs and

income, is received from the production. This information comes from their internal sources. Information about changes in market conditions, taxes, and counterparties comes from external sources.

In any business, at the beginning of the company's activity, first of all, the following are taken into account:

- the optimal structure and size of the company's assets;
- sources of financing and the formation of their optimal structure.

If we consider the features of the current and future management of financial activities that ensure the solvency and financial stability of the enterprise, then it should be based on the necessary mechanism and structure (3.4 - Figure).

3.4. Elements of the financial management mechanism

A financial instrument is any contract that simultaneously creates a financial asset in one company, as well as a financial liability or an equity instrument in another company.

Contracts for goods that give the parties the right to make payments in cash or in another form, but with any financial support, should be considered as financial instruments. However, with the exception of commodity contracts originally intended for these purposes and concluded by supplying goods intended to meet the needs of the company in procurement, sales or consumption.

Transaction costs include fees and commissions to agents, consultants, brokers and dealers, fees of regulatory authorities and stock exchanges, taxes and fees for the transfer of funds. Transaction costs do not include premiums and discounts on debt instruments, financing costs, distributed internal administrative costs and asset management costs.

A financial asset is any of the assets listed below:

a) cash;

b) the right to receive money or other financial asset from another company, stipulated in the contract;

c) the right to exchange financial instruments with another company on potentially favorable terms, stipulated in the contract;

d) an equity instrument of another company.

Financial assets and liabilities held for sale are mainly those assets purchased and liabilities assumed to make a profit as a result of short-term price fluctuations or dealer margins. Regardless of the reason for the acquisition, a financial asset should be classified as held for sale if it is part of a portfolio, and the content of the portfolio indicates a desire to make a profit in the short term. Derivative financial assets and derivative financial liabilities are always accounted for sale if they serve as an effective hedging instrument.

Held-to-maturity investments include financial assets that are characterized by fixed or settlement payment, the company really intends to own them until maturity and will be able to own them. However, loans and receivables issued by the company are an exception.

Loans and receivables issued by the company are financial assets created by direct transfer of funds, goods or services to the debtor, except for cases when they are made for the purpose of their further transfer in the near future or in the short term to other counterparties. If they are transferred to other entities, they are classified as intended for sale. Loans and receivables provided by the company are not included in held-to-maturity investments.

Available-for-sale financial assets are financial assets that do not fall into the following categories:

a) loans and receivables;

b) held-to-maturity investments;

c) financial assets held for sale.

d) A financial liability is any contractual obligation that contains the following:

e) delivery of cash or other financial asset to another company;

f) exchange of financial instruments with another company in potentially unfavorable conditions.

An equity instrument is any contract confirming the right to a share of the company's assets that remain after deducting all its liabilities.

Monetary financial assets and financial liabilities (also known as monetary financial instruments) are financial assets and financial liabilities that involve the receipt or payment of fixed or determinable amounts of money.

Fair value is a sufficient amount of money to purchase an asset or to fulfill an obligation when concluding a transaction between independent parties wishing to conclude a contract.

The market value is the amount of cash that can be received when selling a financial asset on an active market and must be paid when buying it.

A derivative instrument is a financial instrument that has the following characteristics:

- changes in its value occur as a result of changes in the interest rate, the price of goods or securities, the exchange rate, the price index or the price rate, the credit rating or credit index, another variable (sometimes called the "base");
- its purchase requires a relatively small initial investment compared to other financial instruments, the prices of which react similarly to changes in market conditions;
- will be repaid on a certain day in the future.

Typical examples of derivatives are futures, forwards, options, contracts and swaps. Derivatives usually contain a conditional amount, i.e. currency amounts, number of shares, weight, volume units. However, in accordance with the terms of the derivative instrument, the person acquiring the derivative instrument is not obliged to invest or, on the contrary, receive a conditional amount at the conclusion of the contract. The contract may also provide for the payment of a fixed event as a result of a future event, and the amount of payment does not depend on the

conditional amount . For example, the contract may provide that if the LIBOR rate on 6-month loans increases by 100 basis points, then $ 1,000 will be paid. Here, the notional amount is not specified at all, which means that the notional amount does not play a role in measuring the value of the derivative.

The peculiarity of a derivative instrument is that the market for its purchase requires very small initial investments compared to other contracts. An option contract is consistent with this definition because the premium of the option is much lower than the cost of the investment required to purchase an option-related financial instrument.

Amortised cost of a financial asset (financial liability)– this means the sum of the differences between the initially recognized value of the financial asset (liability) and the amount of the upcoming repayment. The value of the difference in each case is determined taking into account the partial write-off (directly or through the formation of an estimated reserve) due to the impairment or hopelessness of this financial asset.

Hedging means the use for accounting purposes of one or more hedging instruments to partially or completely cover changes in the fair value of the hedged item in connection with the receipt of cash or the implementation of cash payments.

A hedged item is an asset, a liability, an expected future fixed obligation or an agreement that, firstly, is exposed to the risk of changes in fair value or changes in cash receipts and payments and, secondly, is selected as a hedged item when hedging for financial management and accounting purposes.

A hedging instrument is a certain derivative instrument used in hedging for accounting and financial purposes or (in limited cases) another financial asset or liability, its fair value or cash receipts are expected to cover the fair value or changes in the cash flows of the hedged item. Note that International Financial Reporting Standard No. 39 establishes that for accounting purposes, non-derivative financial assets or non-derivative financial liabilities are recognized as a hedging instrument, if only they hedge the risk of changes in the exchange rate.

The effectiveness of a hedge is the extent to which the fair value or coverage of cash receipts and payments associated with the risk has been achieved.

Securitization is the process of converting financial assets into securities.

A repo transaction is an exchange of a financial asset for cash or other resources, with the obligation to repurchase this asset in the future at a predetermined time for an amount equal to the amount received during the sale, plus interest in the agreed amount.

3.5. Financial leverage. The system of financial methods. Financial instruments

A financial instrument is a contract under which the financial assets of one company increase and, at the same time, the financial liabilities of another company increase. When a financial instrument has an impact on the results of the company's activities or on the financial stability of the company, it serves as a financial lever. Financial instruments include:

A share is a security that confirms the participation of its owner in the company's capital, ensuring his right to receive a part of the company's profit in the form of a dividend, as well as to participate in the management of the company and in the distribution of property during the liquidation of the company.

The accounting statements should provide satisfactory information about portfolio investments, i.e. about purchased debt and equity securities.

Portfolio investment is a long-term investment of capital in other enterprises. Portfolio investments can be made in the form of buying shares of bonds of foreign enterprises. It is considered that the volume of portfolio investments should not exceed 10 percent of equity. Unlike direct investments, they do not give direct control over the company's activities or the right to own it. Along with this, portfolio investments, in other words, financial investments are characterized by a high level of liquidity.

A bond is a security that confirms the transfer of the corresponding amount of funds and guarantees the right to periodically receive the interest specified in the security and the value set in the security. Unlike shares, bonds do not give their owners the right to participate in the management of the enterprise.

A bill of exchange is a written certificate of an unconditional monetary obligation of the issuer or payer under it. This is also a written order for the payment of the amount specified in the bill to the bearer of the bill or to the person specified by him. In financial practice, the use of promissory notes is mainly related to commodity transactions. It is believed that the debt on the delivered goods approved by the bill is almost completely reliable and will definitely be fulfilled, because very strict financial sanctions are provided for by law.

A promissory note is a debt obligation of an individual or legal entity to pay a certain amount at the appointed time.

Transfer bill is an order to the debtor to pay the amount specified in the bill to the bearer of the bill. Unlike a promissory note, numerous legal entities and individuals can participate in calculations on a transfer bill.

The certificate of deposit is a document on the bank's debt obligation, it can be used as a financial instrument.

In addition to the above, derivative securities can be traded: options, futures and orders.

An option is a contract that grants the right to purchase securities or goods at a set price at a certain time or to refuse to purchase. The right of the company's employees to purchase a certain number of shares at a preferential price, the right to exchange preferred shares or bonds for common shares; the rights to exchange bonds for common shares and others are considered options. All these rights arise after the option agreement is drawn up. There are two types of options: the option to sell (put) – the right to sell securities - and the option to buy (call) the right to buy securities.

Unlike options, ***futures*** are an unconditional obligation to buy or sell at the prices set in the contract for certain securities or other financial instruments and goods in the future at a certain date.

The income from derivative securities depends on one or more market indicators (indices). For example, income from futures operations is associated with the correct determination of future prices and demand for a commodity.

An enterprise can use its free monetary resources, in addition to investments in securities, to make a share in the authorized capital of other enterprises, as well as to issue loans to legal entities and individuals.

3.6. Methods of financial management of corporations. Operational leverage. Financial leverage. Operating leverage level

In a purely economic sense, the commercial activity consists of investing financial resources in the long term in order to make a profit. The company's activities are characterized by uncertainties associated with the production process and financial processes, which can negatively affect the achievement of the company's goals. Therefore, they are called risks. There are, respectively, production risks and financial risks. Production risks are primarily related to the specifics of the industry and the demand for its products, financial risk depends on the nature of the sources of financing of the enterprise's activities.

In corporations, along with their own sources, borrowed funds are attracted to a significant extent. Managers of companies with larger resources, even at the expense of borrowed funds, in most cases are more respected, because they carry out more orders and larger orders. However, on the other hand, when a company has difficulties, the number of people willing to provide it with financial assistance will be very modest. So, in this case, the degree of risk increases. Therefore, it is necessary to study the risk and its determining factors, linking them with changes

in profit. For this purpose, the "leverage" indicator is used. The name came from the USA. It expresses the relationship between profit and the value of assets and investments mobilized for its receipt. Literally, leverage means a lever of small force that can move a large weight. In the economic sense, leverage is a quantitative characteristic of a factor, a small change in which leads to changes in a number of performance indicators.

Production leverage is expressed in the ratio of fixed and variable costs. With a higher share of fixed costs, a small reduction in production and sales leads to a faster decline in profit. Since in this case, fixed costs do not decrease, so total costs decrease more slowly than sales, and profit decreases.

In long-term financing, financial leverage is expressed in the ratio of own and borrowed funds. For the use of borrowed funds, you must pay interest. This means that the more borrowed funds are attracted, the less profit remains at the disposal of the enterprise. The higher the financial leverage, the higher the financial risk. A company that uses borrowed funds to a high degree is considered a financially dependent company and, conversely, a company that relies mainly on its own funds is considered a financially independent company.

Both indicators can be combined into production and financial (operational) leverage. Thus, the difference between the company's profitability coefficient and the profitability coefficient of the total volume of capital investments in the enterprise in most cases can reflect how much it is acceptable to attract external financing.

3.7. The level of financial leverage. The break-even point. The level of the general lever

Indicators of production and financial leverage at the enterprise express the level of financial leverage and their definition plays an important role in justifying financial decisions. To assess the impact of leverage on the results of the

company's activities, the analysis "costs - volume of production - profit"is used. It is used to determine the break-even point.

The break-even point is the point at which the company's income is fully covered by its expenses and is a simple and accurate way to determine financial results.

Each decision concerning prices, costs of the enterprise, the volume and composition of sales is ultimately expressed in an increase or decrease in the profit of the enterprise.

The analysis of "costs - production volume-profit" is important when solving the following tasks:

- planning and control of production activities;
- determination of changes in costs and results under the influence of the interdependence of costs, production volumes and profits;
- development of short-term management solutions at the enterprise;
- selection of optimal options for the future development of the enterprise, etc.

In the system of analysis "costs - volume of production - profit", various factors are studied that reflect the relationship of costs, the production process and financial results. Since the company's managers must regularly make decisions on sales prices, variable and fixed costs, on the purchase of resources and on their rational use.

The cost-production-profit analysis uses indicators of sales volume, fixed costs, variable costs, loss points and profit. Fixed costs do not change even when the volume of production changes. Variable costs change in accordance with changes in the volume of production, for example, material costs. Margin income expresses the difference between the revenue from the sale of products (works and services) and the variable costs of its production. The amount of margin income is

formed after covering fixed costs. These indicators can be calculated both as a whole and per unit of production.

The point of loss (the margin of profitability) is the volume of production or revenue, where fixed and variable costs are covered, while the enterprise receives neither profit nor loss. In the economic literature, such a point is called a point or a threshold of profitability and is designated by the abbreviation BEP ("Break even point").

The break-even point can be calculated graphically, using a system of equations or by calculating margin income.

To find the break – even point, a graph "costs - production volume-profit" is drawn up using the graphical method. The revenue corresponding to the break-even point is called threshold revenue. The volume of production (sales) at the break-even point is called the threshold volume of production (sales). If the sale of products is less than the threshold volume, production will be unprofitable, if more is sold, a profit will be formed.

In the graph, the horizontal axis expresses the volume of production or sales, and the vertical axis-costs depending on the volume of production. If the sales volume is zero, then the amount of the loss will be equal to the fixed costs.

Equations:

Sales revenue = fixed costs + variable costs + profit.

Margin income = revenue from sales - variable costs.

Margin income = fixed costs, this is the break-even point.

The break-even point is also determined using the margin income indicator per unit of production.

Marginal revenue per unit of production is calculated by deducting variable costs per unit of production from the unit price. If we divide the total amount of fixed costs by marginal income per unit of production, we will learn the volume of production or sales, where break-even will be achieved.

The financial leverage or safety margin is defined as follows:

Safety margin in monetary terms =total income-income at the break-even point.

The same indicator as a percentage: Security margin in % = Security margin in monetary terms : total income.

Operational leverage allows you to measure the dependence of changes in operating profit on changes in revenue, taking into account the amount of fixed costs.

Operating leverage = change in operating profit (%): change in sales revenue (%).

Another formula for calculating operating leverage that establishes a relationship between income and expenses:

$$OL = \frac{Q(P-V)}{Q(P-V)-F};$$

Here

OL – operational leverage;

Q – sales volume in units;

P – price per unit of production;

V – variable costs per unit of production;

F – fixed costs.

3.8. Financial Management Information Support System

The term "***information***" from Latin means the presentation, explanation of an event, evidence or evidence.

The sources of information of the financial management of the enterprise can be divided into internal and external sources of information. Financial information is an important component of economic information.

The rapid development of commodity and financial markets gives an impetus to the growth of the volume of information. Approaches to information support of various users are changing. The legislative and regulatory requirements of the state, as well as the needs of users for the reliability, completeness, timeliness and legality of the information being developed are being improved.

The information base used in financial management should consist of two elements:

- financial information collected for the purpose of evaluating the financial performance of the enterprise;
- plans, standards, budgets and other regulatory documents related to the company's activities.

At the enterprise, internal sources of financial information are, first of all, accounting data and financial statements developed on their basis. The financial statements include:

- balance sheet;
- report on financial results;
- cash flow statement;
- report on the movement of equity capital.

The assets of the balance sheet reflect the company's funds according to the forms and levels of their mobilization

(Figure 3.4)

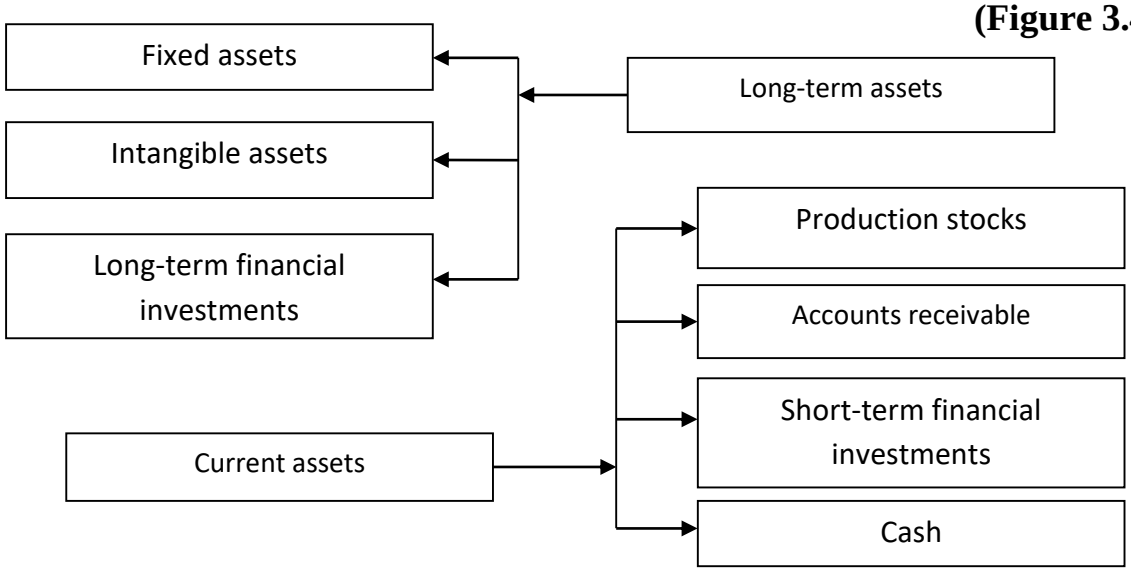


Figure 3.4. Forms of raising funds of the enterprise.

Non-current assets are used in several production cycles and, accordingly, are not immediately converted into cash.

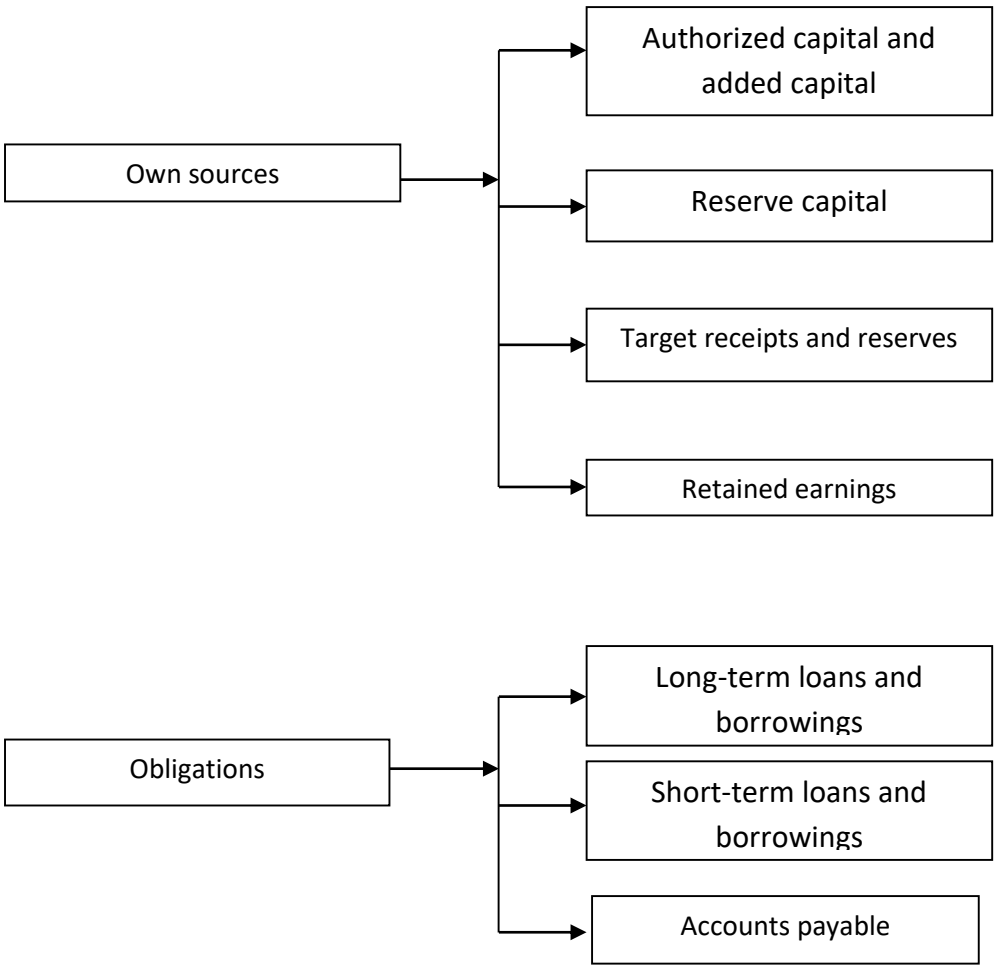
Mobile assets, i.e. current assets, are used during a single production cycle and can quickly turn into cash.

The sources of the company's funds, that is, liabilities can be in the form of own sources and borrowed sources, i.e. obligations. They, in turn, are divided into different types. This can be seen from Figure 3.5.

From the point of view of financial stability, the need for the company's funds should be covered, first of all, from its own sources, and the rest can be covered by external borrowings.

It is obvious that the borrowed sources are both long-term and short-term, in the form of loans received from banks or from other organizations and enterprises, as well as accounts payable.

Figure 3.5. Sources of funds of the enterprise.



In the company's balance sheet, the company's funds and their sources are reflected on a certain date (at the beginning of the quarter, at the beginning or end of the year). The total amount of asset items is equal to the total amount of passive items. In the asset, the funds are reflected by composition and location: fixed assets, inventory, cash, etc. The sources of funds formation are indicated in the balance sheet liability (funds of the founders, funds earned by the enterprise itself, borrowed funds, funds received in the form of targeted financing).

From the point of view of financial stability, the amount of sources of own funds should be greater than the amount of long-term assets. The company's own funds are allocated, first of all, for the purchase of fixed assets and for long-term financial investments. At the expense of the remaining part of the sources of funds, working capital (inventory) will be formed. If own sources do not cover the cost of

long-term assets, this means, firstly, part of the long-term assets were acquired at the expense of borrowed sources. In general, this indicates insufficient solvency.

It is advisable to form most of the working capital at the expense of own sources. Long-term assets should first of all be formed at the expense of own funds. At the same time, it is possible to use long-term loans and long-term loans for these purposes.

It is considered that the amount of working capital should be equal to the total amount of own funds in circulation, short-term loans and loans, as well as long-term loans and loans aimed at replenishing working capital.

The balance sheet items are directly related to the indicators of other forms of financial statements. The "Statement of Financial Results" contains the calculation of the profit received by the enterprise in the reporting period. It reflects the financial results of operating activities, extraordinary profit or loss, total financial result before taxes, net profit of the reporting period. The reference to this report indicates all payments to the state budget. The net profit indicated in this report forms the amount of retained earnings. In a joint-stock company, retained earnings show the amount of accumulated profit after sending part of the profit to dividends.

The "Cash Flow Statement" of money contains information about the movement of all types of cash. The cash indicators of the balance sheet should correspond to the indicators of the "Cash Flow Statement".

The "Report on the movement of equity capital" provides information about the authorized capital, added capital, reserve capital and retained earnings. These data correspond to the data of the 1st section of the balance sheet liability.

Questions for monitoring and discussion

1. What is the mechanism of the organization of financial management in enterprises?

2. What is financial leverage?

3. Explain the margin income and the break-even point.

4. Specify the sources of information of the financial management system for enterprises.

5. What are the internal sources of financial information in the enterprise?

Chapter 4.

Mathematical foundations of financial management

4.1. The time value of money. The concept of simple and complex percentages

Every economic entity wants the funds at its disposal to bring benefits. To do this, the money must be invested in a certain direction. In addition to investing their own funds, entities attract investments from the outside. When making acceptable decisions on such issues, it is necessary to know the current and future value of monetary funds. When attracting investments and for investment, pay attention to the effectiveness of the proposed project. To acquire funds in the investment market, certain expenses have to be carried out. Such expenses include interest payments. When transferring funds for use to other legal entities and individuals or when attracting funds from other entities to their economic activities, based on the terms of attraction, they agree on interest payments. These payments are expenses for users of funds, and for those who gave them – income.

The main source of information for making financial decisions is accounting data. In National Accounting Standards, the concept of discounted cash flows is used in such matters as long-term assets or liabilities, financial leasing, bonds, long-term loans, promissory notes received and issued, as well as when making decisions on investments and, in general, in cases with compound interest.

Interest is the cost of using money. This is either an investment income or a fee for using the loan.

The principal amount is the amount invested, borrowed or used, on which interest is accrued.

Simple interest is the interest rate charged on the principal amount, while the principal amount remains unchanged in the next period.

Compound interest –for each subsequent period, accrued interest is added to the principal amount and interest is accrued to the increased amount of the investment. Thus, in the case of compound interest, the received income is reinvested.

Example: If Akram invests an amount of 1000 soums in the bank with the condition of paying him 10 percent after one year, then at the end of 1 year he will have 1100 soums, i.e. 1000 soums the principal amount and 100 soums in the form of interest, i.e. 1000 soums +10%= 1000x(1+10%)=1000x (1,1)=1100 soums.

By the end of the 2-year, he will already have 1210 soums = 1000 soums the principal amount +100 soums of interest for 1-year + 110 soums of interest for 2-year.

1000 * (1,1) * (1,1) = 1000 * (1,1) 2 = 1210 sumov.

The amount of accrued interest for the 2-year period was 110 soums (1210 - 1100).

If Akram continues to keep money in the bank by the end of the 3-year, he will have 1331 soums.

1000x (1,1)x (1,1)x (1,1)=1000x(1,1)3=1331 sums.

1000x (1,1) x (1,1) x (1,1) = 1000x (1,1) 3 = 1331 sums.

The amount of interest for the third year is 121 soums (1331-1210).

In general, the future value is calculated using the following formula:

$S = P (1+ i)^{n}$,

S is the future value of the investment in n years;

P is the initial amount of the investment, i.e. the current value of the money;

i–the interest rate in the form of a decimal fraction (for example, 10% = 0.1);

n - the number of years of the reporting period or the number of payments (the frequency of interest accrual).

4. 2. Determination of the current and future value of cash flows

The future value of money is the value of the amount put into the present (the initial investment) accumulated to the future moment. In other words, the amount currently invested will increase in the future due to accrued interest. In the above example, the initial cost of money is 1000 soums. The future cost is determined by the formula $S = P (1+i)^n$. It will be: S=1000(1+0,1)3=1331 sum. To calculate the future values of the invested funds, you can use the discount table. To do this, from Table C-3, we find the coefficient corresponding to this interest rate and the number of periods and multiply it by the current value of money.

Example: Akram invested 2000 soums with a condition of 8 % per annum. How much will the future value of the investment be in 5 years? In 8 years?

In table C-3, at the 8 % rate, n=5, we find the corresponding coefficient.

After 5 years, S=2000x1, 4693 =2938.6.

After 8 years =2000x1, 8509 = 3701.8.

Thus, if Akram invests 2000 soums at the present time at an 8 percent rate, then in 5 years it will have 2938.6 soums. Here, the increase in the value of the investment will be 938.6 soums (2938.6 -2000). After 8 years, the increase will be equal to 1701.8 soums (3701.8 - 2000). Here Akram has to make a decision as an investor. If there are other offers, then it is necessary to calculate the interest payments and but them. Then choose one of the optimal options.

The current value is the current value of future cash receipts and outflows. Or it is the value that needs to be invested today at a certain interest rate in order to receive a set amount in a certain future. The following formula is used for the calculation:

$$P = \frac{S}{(1+i)^n}$$

Table 4.1

Current value 1 soum for the period

0	1,00%	2,00%	3,00%	4,00%	5,00%	6,00%	7,00%	8,00%	9,00%	10,0%
1	0,9901	0,9804	0,9709	0,9615	0,9524	0,9434	0,9346	0,9259	0,9174	0,9091
2	0,9803	0,9612	0,9426	0,9246	0,9070	0,8900	0,8734	0,8573	0,8417	0,8264
3	0,9706	0,9423	0,9151	0,8890	0,8638	0,8396	0,8163	0,7938	0,7722	0,7513
4	0,9610	0,9238	0,8885	0,8548	0,8227	0,7921	0,7629	0,7350	0,7084	0,6830
5	0,9515	0,9057	0,8626	0,8219	0,7835	0,7473	0,7130	0,6806	0,6499	0,6209
6	0,9420	0,8880	0,8375	0,7903	0,7462	0,7050	0,6663	0,6302	0,5963	0,5645
7	0,9327	0,8706	0,8131	0,7599	0,7107	0,6651	0,6227	0,5835	0,5470	0,5132
8	0,9235	0,8535	0,7894	0,7307	0,6768	0,6274	0,5820	0,5403	0,5019	0,4665
9	0,9143	0,8368	0,7664	0,702	0,6446	0,5919	0,5439	0,5002	0,4604	0,4241
10	0,9053	0,8203	0,7441	0,6756	0,6139	0,5584	0,5083	0,4632	0,4224	0,3855
11	0,8963	0,8043	0,7224	0,6496	0,5847	0,5268	0,4751	0,4289	0,3875	0,3505
12	0,8874	0,7885	0,7014	0,6246	0,5568	0,4970	0,4440	0,3971	0,3555	0,3186
13	0,8787	0,7730	0,6810	0,6006	0,5303	0,4688	0,4150	0,3677	0,3262	0,2897
14	0,8700	0,7579	0,6611	0,5775	0,5051	0,4423	0,3878	0,3405	0,2992	0,2633
15	0,8613	0,7430	0,6419	0,5553	0,4810	0,4173	0,3624	0,3152	0,2745	0,2394
16	0,8528	0,7284	0,6232	0,5339	0,4581	0,3936	0,3387	0,2919	0,2519	0,2176
17	0,8444	0,7142	0,6050	0,5134	0,4363	0,3714	0,3166	0,2703	0,2311	0,1978
18	0,8360	0,7002	0,5874	0,4936	0,4155	0,3503	0,2959	0,2502	0,2120	0,1799
19	0,8277	0,6864	0,5703	0,4746	0,3957	0,3305	0,2765	0,2317	0,1945	0,1635
20	0,8195	0,6730	0,55	0,4564	0,3769	0,3118	0,2584	0,2145	0,1784	0,1486
21	0,8114	0,6598	0,5375	0,4388	0,3589	0,2942	0,2415	0,1987	0,16	0,1351
22	0,8034	0,6468	0,5219	0,4220	0,341	0,2775	0,2257	0,1839	0,1502	0,1228
23	0,7954	0,6342	0,5067	0,4057	0,3256	0,2618	0,2109	0,1703	0,1378	0,1117
24	0,7876	0,6217	0,4919	0,3901	0,3101	0,2470	0,1971	0,1577	0,1264	0,1015
25	0,7798	0,6095	0,4776	0,3751	0,2953	0,2330	0,1842	0,1460	0,1160	0,0923
26	0,7720	0,5976	0,46	0,3607	0,2812	0,2198	0,1722	0,1352	0,1064	0,0839
27	0,7644	0,5859	0,4502	0,3468	0,2678	0,2074	0,1609	0,1252	0097	0,0763
28	0,7568	0,5744	0,4371	0,3335	0,2551	0,1956	0,1504	0,1159	0,089	0,0693
29	0,7493	0,5631	0,4243	0,3207	0,2429	0,1846	0,1406	0,1073	0,0822	0,0630
30	0,7419	0,5521	0,4120	0,3083	0,2314	0,1741	0,1314	0,0994	0,0754	0,0573

Table 4.2

Future value 1 soum for the period

	1,00%	2,00%	3,00%	4,00%	5,00%	6,00%	7,00%	8,00%	9,00%
1	1,0100	1,0200	1,0300	1,0400	1,0500	1,0600	1,0700	1,0800	1,0900
2	1,0201	1,0404	1,0609	1081	+1102	1,1236	1,1449	1,1664	1,1881
3	1,0303	1,0612	1,0927	1,1249	1157	1,1910	1,2250	1,2597	1,2950
4	+1040	1,0824	1,1255	1,1699	1,2155	1,2625	+1310	1360	1,4116
5	1,0510	1,1041	1,1593	1,2167	1,2763	1,3382	1,402	1,4693	1,5386
6	1061	1,1262	1,1941	1,2653	1,3401	1,4185	1,5007	1,5869	1,6771
7	1,0721	1,1487	1,2299	1,3159	1,4071	1,5036	1,6058	1,7138	1,8280
8	1,0829	1,1717	1,2668	1,3686	1477	1,593	1,7182	1,8509	1,992
9	1,09	1,1951	1,3048	1,4233	1,5513	1689	1,8385	1,9990	2,1719
10	1,1046	1,2190	1,3439	1,4802	1,6289	1,7908	1,9672	2,1589	2,3674
11	1,1157	1,2434	1,3842	1,5395	1,7103	1,8983	2,1049	2,3316	2,5804
12	1,1268	1,2682	1,4258	1,6010	1,7959	2,0122	2,2522	2,5182	2,8127
13	1,1381	1,2936	1,4685	1,6651	1,8856	2,1329	2,4098	2719	3,0658
14	1149	1,3195	1,5126	1,7317	1,9799	2,2609	2,5785	2,9372	3,3417
15	1,1610	1,3459	1,5580	1,8009	2,0789	2,3966	2,7590	3,1722	3,6425
16	1172	1,3728	1,6047	1,8730	2,1829	2,5404	2,9522	3,4259	3,9703
17	1,1843	1,4002	1,652	1,9479	2,2920	2692	3,1588	3,7000	4327
18	1,1961	1,4282	1,7024	2,0258	2,4066	2,8543	3,3799	3,9960	4,7171
19	1,2081	1,4568	1753	2,1068	2,5270	3,0256	3,6165	4,3157	5,1417
20	1,2202	1,4859	1,8061	2,1911	2,6533	3,2071	3,8697	4,6610	5,6044
21	1,2324	1,5157	1,8603	2,2788	2,7860	3,3996	4,1406	5033	6,1088
22	1,2447	1,5460	1,9161	2,3699	2,9253	3,6035	4,4304	5,4365	6,6586
23	1,2572	1,5769	1,9736	2,4647	3071	3,8197	4,7405	5,8715	7,2579
24	1,2697	1,6084	2,0328	2,5633	3,2251	4,0489	5,0724	6,3412	7,9111
25	1,2824	1,6406	2,0938	2,6658	3,3864	4,2919	5,4274	6,8485	8,6231
26	1,2953	1,6734	2,1566	2,7725	3,5557	4,5494	5,8074	7,3964	9,3992
27	1,3082	1,7069	2,2213	2,8834	3,7335	4,8223	6,2139	7,9881	10,2451
28	1,3213	1,7410	2,2879	2,9987	3,9201	5,1117	6,6488	8,6271	11,1671
29	1,3345	1,7758	2,3566	3,1187	4,1161	5,4184	7,1143	9,3173	12,1722
30	1,3478	1,8114	2,4273	3,2434	4,3219	5,7435	7,6123	10,0627	13,2677

Interest-free promissory notes with a payment of 1000 soums were issued in 3 years. You want to have an annual income of 6% on your investments. How

much do you want to pay for this bill? The current value in n years at a 6 % rate can be determined using Table C-1. To do this, we multiply the coefficient located at the intersection of the 6% column with the 3-row by the value of the future value of the investment. Then it turns out that for such an investment,839.60 soums are needed (1000x0, 8396= 839.60). Let's check the received amount: 839.6 x (1.06)3 = 1000 soums. This means that the invested investment of 839.6 soums will reach 1000 soums in 3 years.

4.3. Annuities

An annuity is a series of equal cash flows in equal time intervals. Interest payments on bonds and finance lease payments are examples of annuities. Annuities result in the same periodic payments or receipts. There are two types of annuity – simple (ordinary, postnumerando) and covered (prenumerando). A simple annuity is paid at the end of the period, and a covered one is paid at the beginning of the period.

The current value of a simple annuity. The current cost of an annuity is made up of the current costs of periodic payments on the annuity. Example: a company has signed an office lease agreement for a period of five years. This agreement provides for 100,000 soums of payments at the end of each year. The interest rate on the company's debts is 10 %. What is the current cost of rental payments?

The current value of the annuity at a rate of 10% after n years is shown in Table C-2.

The current value of a simple (ordinary) annuity (100000, n = 5, i = 10%) = 100000x3, 79080 = 379080 soums. In other words, if a company invests 379080 soums today at a rate of 10%, then over the next five years it can pay rent payments from this amount and interest on it. This means that future payments over 5 years totaling 500,000 soums have a current value of 379080 soums.

In the covered annuity, the situation is changing. In it, the payment is made at the beginning of the period. This means that an income is expected from the invested investment within 4 years. At the beginning of the 5th year, it should be completely spent. Therefore, the calculations will be as follows:

The current value of the covered annuity (100000, n = (4 + 1), i = 10%) = 100000x (3.1699 + 1) = 416990 soums. Under these conditions, with an initial investment of 416990 soums within five years, lease payments can be fully made at the expense of this investment.

The future value of a simple annuity. It is defined as the sum of the values of the future values of periodic (for example, annual) payments (receipts).

Example. Akram wants his 12-year-old daughter to enter the institute for higher education. He intends to deduct a certain amount from his salary annually and will put it in a savings deposit in the bank. If he invests 5,000 soums at the end of each year, what amount will accumulate on his account in 5 years?

The future value of a simple annuity (5000, n = 5, i = 10%) = 5000x6, 1051 = 30525.5 soums, i.e. this amount will be accumulated in the Akram account.

In the case of a covered annuity, the situation changes, payments are made at the beginning of the period. This means that the calculations must be made for a 6-year period.

The future value of the covered annuity is (5000, n = (6-1), i = 10%) = 5000x (7,7156-1) = 33,578 soums.

In other words, if Akram invests 5,000 soums at the beginning of each year at a 10 % rate, 33578 soums will accumulate on his account by the end of the 5th year.

Table 4.3.

The current value of an annuity of 1 soum for the period

	1,00%	2,00%	3,00%	4,00%	5,00%	6,00%	7,00%	8,00%	9,00%	10,00
1	0,9901	0,9804	0,9709	0,9615	0,9524	0,9434	0,9346	0,9259	0,9174	0,9091
2	1,9704	1,9416	1,9135	1,8861	1,8594	1,8334	1,8080	1,7833	1,7591	1,7355

3	2,9410	2,8839	2,8286	2,7751	2,7232	2,6730	2,6243	2,5771	2,5313	2,4869
4	3,9020	3,8077	3,7171	3,6299	3,5260	3,4651	3,3872	3,3121	3,2397	3,1699
5	4,8534	4713	4,5797	4451	4,3295	4,2124	4,1002	3,9927	3,8897	3,7908
6	5,7955	5,6014	5,4172	5,2421	5,0757	4,9175	4,7665	4,6229	4,4859	4,3553
7	6,7282	6,4720	6,2303	6,0021	5,7864	5,5824	5,3893	5,2064	5,0330	4,8684
8	7,6517	7,3255	7,0197	6,7327	6,4632	6,2098	5,9713	5,7466	5,5348	5,3349
9	8,5660	8,1622	7,7861	7,4353	7,1078	6,8017	6,5152	6,2496	5,9952	5,7590
10	9,4713	8,9826	8,5302	8,1109	7,7217	7,3601	7,0236	6,7101	6,4177	6,1446
11	10,3676	9,7868	9,2526	8,7605	8,3064	7,8869	7,4987	7,1390	6,8052	6,4951
12	11,2551	10,5753	9,9540	9,3815	8,8833	8,3838	7,9427	7,5361	7,1607	6,81
13	12,13	11,3484	10,6350	9,9856	9,3936	8,8527	8,3577	7,9038	7,4869	7,1034
14	13,00	12,1062	11,2961	10,5631	9,8986	9,2950	8,7455	8,2442	7,7862	7,3667
15	13,8651	12,8493	11,9379	11,1184	10,3797	9,7122	9,1079	8,5598	8,0607	7,6061
16	14,7179	13,5777	12,5611	11,6523	10,8378	10,10	9,4466	8,8514	8,3126	7,82
17	15,5623	14,2919	13,1661	12,1657	11,2741	10477	9,7632	9,1216	8,5436	8,0216
18	16,3983	14,9920	13,7535	12,6593	11,6896	10,827	10,059	9,3719	8,7556	8,2014
19	17,2260	15,6785	14,3238	13,1339	12,0853	11,158	10,335	9603	8,9501	8,3649
20	18,0456	16,3514	14,8775	13,5903	12,4622	11,469	10,594	9,8181	8,1285	8,5136
21	18,8570	17,0112	15,4150	14,0292	12,8212	11,764	10,835	10016	9,2922	8,6487
22	19,6604	17,6580	15,9369	14,4511	13,1630	12,041	11,061	10,200	9,4424	8,7715
23	20,4558	18,2922	16,4436	14,8568	13,4886	12,303	11,272	10,371	9,5802	8,8832
24	21,2434	18,3139	16,9355	15,2470	13,7986	12,550	11,469	10,528	9,7066	8,9847
25	22,0232	19,5235	17,4131	15,6221	14,0939	12,783	11,653	10,674	9,8226	9,0770
26	22,7952	20,1210	17,8768	15,9828	14,3752	13,003	11,825	10,810	9,9290	9,1609
27	23,5596	20,7069	18,3270	16,3296	14,6430	13,210	11,986	10,935	10026	9,2372
28	24,3164	21,2813	18,7641	16,6631	14,8981	13,40	12,1	11,051	10115	9,3066
29	25,0658	21,8444	19,1885	16,9837	15,1411	13,590	12,277	11,158	10,198	9,3696
30	25,8077	22,3965	19,6004	17,2920	15,3725	13,764	12,409	11,257	10,273	9,4269

Table 4.4.

The future value of the annuity 1 sum period

	1,00%	2,00%	3,00%	4,00%	5,00%	6,00%	7,00%	8,00%	9,00%
1	1,0000	1,0000	1,0000	1,0000	1,0000	1,0000	1,0000	1,0000	1,0000
2	2,0100	2,0200	2,0300	2,0400	2,0500	2,0600	2,0700	2,0800	2,0900
3	3,0301	3,0604	3,0909	3121	3,1525	3,1836	3,2149	3,2464	3,2781

4	4,0604	4,1216	4183	4,2465	4,3101	4374	4,4399	4,5061	4,5731
5	5,1010	5,2040	5,3091	5,4163	5,5256	5,6371	5,7507	5,8666	5,9847
6	6,1520	6,3081	6,4684	6,6330	6,8019	6,9753	7,1533	7,3359	7,5233
7	7,2135	7,4343	7,6625	7,8983	8,1420	8,3938	8,6540	8,9228	9,2004
8	8,2857	8,5830	8,8923	9,2142	9,5491	9,8975	10,2598	10,6366	11,0285
9	9,3685	9,7546	10,1591	10582	11,0266	11,4913	11,9780	12,4876	13,0210
10	10,4622	10,9497	11,4639	12,0061	12,5779	13,1808	13,8164	14,4866	15,1929
11	11,5668	12,1687	12,8078	13,4864	14,2068	14,9716	15,7836	16,6455	17,5603
12	12,6825	13,4121	14,1920	15,0258	15,9171	16,8699	17,8885	18,9771	20,1407
13	13,8093	14,6803	15,6178	16,6268	17,7130	18,8821	20,1406	21,4953	22,9534
14	14,9474	15,9739	17,0863	18,2919	19,5986	21,0151	22,5505	24,2149	26,0192
15	16,0969	17,2934	18,5989	20,0236	21,5786	23,2760	25,1290	27,1521	29,3609
16	17,2579	18,6393	20,1569	21,8245	23,6575	25,6725	27,8881	30,3243	33,0034
17	18,4304	20,0121	21,7616	23,6975	25,8404	28,2129	30,8402	33,7502	36,9737
18	19,6147	21,4123	23,4144	25,6454	28,1324	30,9057	33,9990	37,4502	41,3013
19	20,8109	22,8406	25,1169	27,6712	30,5390	33,7600	37,3790	41,4463	46,0185
20	22,0190	24,2974	26,8704	29,7781	33,0660	36,7856	40,9955	45,7620	51,1601
21	23,2392	25,7833	28,6765	31,9692	35,7193	39,9927	44,8652	50,4229	56,7645
22	24,4716	27,2990	30,5368	34,2480	38,5052	43,3923	49,0057	55,4568	62,8733
23	25,7163	28,8450	32,4529	36,6179	41,4305	46,9958	53,4361	60,8933	69,5319
24	26,9735	30,4219	34,4265	39,0829	44,5020	50,8156	58,1767	66,7648	76,7898
25	28,2432	32,0303	36,4593	41,6459	47,7271	54,8645	63,2490	73,1059	84,7009
26	29,5256	33,6709	385530	44,3117	51,1135	59,1564	68,6765	79,9544	93,3240
27	30,8209	35,3443	407096	47,0842	54,6691	63,7058	74,4838	87,3508	102.7231
28	32,1291	37,0512	42,9309	49,9676	58,4026	68,5281	80,6977	95,3388	112.9682
29	33,4504	38,7922	45,2189	52,9663	62,3227	73,6398	87,3465	103.9659	124.1354
30	34,7849	40,5681	47,5754	56,0849	66,4388	79,0582	94,4608	113.2832	136.3075

Questions for monitoring and discussion

1. What is the essence of the concept of time value in money?
2. Explain the current and future value of money.
3. Describe the types of interest rates.
4. What are the features of different types of annuities?

Chapter 5.

Financial management tools

5.1. The financial policy of the enterprise and the stages of its development. Financial strategy and tactics

The financial policy of an enterprise is a program of purposeful actions aimed at achieving business goals. The objectives of the company's financial policy are as follows:

* achieving successful operation of the company in a competitive environment;

* protection of the company from major financial losses and bankruptcy;

* become a leader in the fight against competitors;

* maximizing the market value of the enterprise;

* steady growth of the economic potential of the enterprise;

* increase in production and sales volumes;

* profit maximization;

* minimizing costs;

* ensuring profitable activities

• and others

Priorities when choosing the goals of the financial policy of the enterprise are determined, first of all, in accordance with the business goals. To achieve these goals, the relevant elements and instruments of the financial mechanism will be used.

Financial policy is based on the use of the potential management capabilities embodied in financial instruments, on specific methods of work, on the

organization of the bodies of the financial system and combining them into a single mechanism.

Thus, the financial policy of the enterprise is implemented through a financial mechanism, the activity of which is based on the following principles:

* financial management, taking into account the specifics of the elements of the financial mechanism;

* the orientation of the functions of all participants in financial relations in the enterprise to common goals;

* general centralized management with the active participation of all subordinate substructures in it.

The main methodological principles of the implementation of financial policy (implementation in life) are •

* dependence on the final goal;

* financial and economic balance (balance, proportionality) of relations between all divisions of the enterprise;

* taking into account internal and external economic conditions based on real (real) opportunities.

The company's financial policy ensures the mobilization of financial resources (attraction), their distribution and redistribution for the successful performance of the company's functions and programs (long-term, medium-term and short-term).

The content of the financial policy is determined by the general set of directions for the development of financial relations covered by it. These directions may include:

* development of financial policy, its goals, principles, objectives, stages of implementation and the most effective methods;

* formation of a financial mechanism that reflects the macroeconomic situation in the country and stimulates efficiency and economic growth in the internal divisions of the enterprise;

* development and implementation of a system of measures to improve the efficiency of management of internal and external resources and financial flows of the enterprise;

* organization of rational (optimal) distribution of financial resources;

* formation and strengthening of the financial potential of the enterprise.

Financial policy is implemented through financial strategy and tactics and is an integral part of the enterprise management mechanism. It is known that the management strategy consists in justifying and choosing a policy for attracting and allocating resources. Regarding financial resources, this is a financial strategy. The management tactic consists in determining the specific goals of the enterprise from the standpoint of the system of plans and providing them with resources in different directions (time, logistics, information, values, etc.). Depending on the time intervals covered, the composition and size of the planned resources will vary. In long-term management, financial resources come to the fore, while in operational management, material resources are in accordance with the production technology.

From the point of view of the implementation of the strategy and tactics of financial management, it can be divided into two parts:

* Strategic management;

* operational and tactical management.

Strategic financial management reflects investment management. It is associated with the achievement of the chosen strategic goal.

Strategic financial management is aimed at solving the following tasks •

* financial assessment of capital investment projects;

* selection of criteria when making investment decisions;

* selection of optimal capital investment options;

* identification of sources of funding.

The investment can be evaluated using various criteria.

For example, a profitable investment of capital is possible if:

• the project where the capital is invested provides more profit, the bank interest rate;

* return on investment above the inflation rate;

* the profitability of this project is higher than the profitability of other projects.

All investments are made in time, so it is very important to take into account the time factor: firstly, over time, the prices of securities may decrease; secondly, the longer the investment period, the greater the risk of a financial crisis. Therefore, capitalization methods and other ways to reduce the likely impact of the financial crisis are widely used in financial management.

Operational and tactical management embodies the operational management of cash resources. Cash is indicated by the indicator “cash flow " (cash flow).

Cash management is aimed at solving the following tasks: forming the amount of cash to fulfill financial obligations; secondly, generating income by using temporarily available funds as capital (more precisely, a financial investment).

There are three goals in cash management:

1. increasing the speed of cash flow;

2. lowering the speed of cash payment;

3. ensuring the maximum return of the invested cash.

Various methods are used to achieve these goals. For the first purpose, it is possible to quickly receive payments from the sale of products. At the same time, effective forms of settlements and ways of collecting receivables are used.

Accounts receivable management involves: firstly, managing the speed of turnover of funds; secondly, monitoring the occurrence of bad accounts receivable (for damage, loss of valuables); thirdly, reducing accounts receivable.

In the management process, the choice of payment forms for potential buyers and goods (services) is important. For example: receiving an advance payment, prepayment, and others.

The choice of buyers and payment forms can be carried out according to the following criteria:

* customers ' compliance with payment discipline in their previous relationships;

* financial condition of buyers;

* completeness of payment.

The management of accounts receivable takes into account its duration. To do this, from the moment of occurrence, it is advisable to divide accounts receivable into groups: up to 1 month, up to 3 months, up to 6 months, etc.

To reduce the speed of cash payment, it is necessary to choose methods that allow saving money resources even when payment terms have come. For example, the use of a tax credit.

To ensure the maximum return of the invested cash, the cash management method is used. It allows you to reduce the need for cash resources to a minimum and, accordingly, increases investments in profitable assets.

5.2. Accounting and Tax Policy

In Uzbekistan, all enterprises, regardless of their organizational and legal form, are required to maintain accounting records in accordance with the National Accounting Standards of the Republic of Uzbekistan. It should be noted that national standards are the basis for the development of accounting policies of individual economic entities. In turn, the accounting policy approved by the company's management is a set of methods and forms of accounting and financial reporting.

The development of accounting policy is carried out based on the requirements of the Law of the Republic of Uzbekistan "On Accounting", in accordance with the Civil Code of the Republic of Uzbekistan, National Accounting Standards, Regulations on the composition of costs included in the cost of products (works, services) and the formation of financial results and other

regulations. At the same time, the accounting policy should also reflect the specific conditions of the enterprise itself, as well as the requirements of the constituent documents.

The accounting policy can also be described to some extent as the sum of the methodological rules for evaluating the company's funds in the reporting year.

Subjects of any form of ownership, organizational and legal form and industry affiliation can choose their own accounting policy in the following areas:

- depreciation of fixed assets;
- accounting of expenses for the repair of fixed assets;
- accounting for the cost of purchasing materials;
- inventory depreciation accounting;
- organization of accounting and evaluation of material working capital;
- accounting of production costs;
- accounting of materials, work in progress, finished products, shipped goods;
- reflection in the accounting of finished products;
- accounting for the sale of products (works, services);
- creation of reserves for doubtful debts;
- creation of various reserves at the expense of net profit and other issues.

From the point of view of the intensification of production processes, increasing the economic efficiency of enterprises, the impact of taxes on financial and economic activities deserves attention. There is an increasing need to study how much the financial stability and efficiency of a business depends on taxes and taking this factor into account when making financial decisions.

Taxes, from whatever source and at whatever time they are collected, always have a significant impact on the final results of the company's activities. Full, timely and disciplined payment of taxes depends, first of all, on the accuracy and fair organization of the taxation mechanism. As you know, the fairness of the tax system is expressed, first of all, in the optimal proportions of the distribution of GDP between

From the point of view of business interests, it is not of primary importance to which object or base taxes relate, but how taxes change the final results of financial and economic activities. And taxes included in the costs of production and sale (circulation) also affect the amount of profit that remains at the disposal of the enterprise. The taxes included in the costs include:

- tax on the property of legal entities;
- tax for the use of water resources;
- land tax for legal entities;
- mandatory deductions.

The peculiarity of resource taxes is that they must be paid, regardless of whether or not they receive a profit (as well as indirect taxes). In the current economic conditions, they are close to indirect taxes, but their impact on the tax burden is direct, because even if the company does not generate profit, they are paid to the budget without changes, which can sometimes lead to losses and a decrease in working capital. Contributions to extra-budgetary funds also have a significant impact on the tax burden. They are included in the expenses of the period and therefore also affects the formation of the company's profit.

5.3. Credit Policy

Credit (lat. Creditum-loan, credo-I trust) - the provision of money, goods and services on loan for a certain period of time, subject to the return of their value with the addition of an agreed margin (percentage). To explain the essence of the loan, we will pay attention to its important characteristic features. The party that lends money (the state, bank, entity, private person, and others) is the creditor, and the recipient of the loan is the debtor. The loan agreement is drawn up by an agreement that sets out the terms of use of the loan. A credit transaction is an economic relationship between a creditor and a debtor. However, not all relationships about the provision of debt become a loan. The credit relation assumes the return of the provided value, the payment for the use of the loan (the

agreed percentage), the urgency, the security of the loan with commodity and material values and intangible assets, the intended use.

The possibilities of transferring capital in kind from one industry to another are limited. However, there is always a need to redistribute economic resources, especially capital, between industries. This task is most effectively performed by the credit mechanism and its component part-a bank loan.

Through a bank loan, financial resources are concentrated in the form of monetary capital and distributed among industries and enterprises on the basis of market mechanisms. The need to repay the loan within a certain period and pay a certain remuneration for the use of borrowed funds encourages users to use them in areas where they can bring the greatest economic effect. Thus, credit serves to improve the structure of the economy, adapts it to social needs and increases the efficiency of the economy.

One of the important tasks of bank lending is to maintain the continuity of the circulation of funds of existing enterprises, this is mainly done through short-term lending. A short-term loan is used to replenish production stocks, purchase inventory items, make up for a short-term shortage of funds when selling manufactured goods and other purposes.

Bank lending accelerates the process of profit capitalization in the national economy, since it contributes to improving the efficiency of enterprises.

The payment of the loan forces borrowers to use their own funds whenever possible. Thanks to the interest received, the bank will be able to cover its expenses and pay interest to depositors of funds. It is necessary to distinguish between nominal and real interest rates on a bank loan. The real interest rate is determined by subtracting inflation from the nominal level.

In a market economy, interest rates depend mainly on the following factors:

a) supply and demand in the credit market;

b) the maturity of the loan (long-term loans have a higher risk and, consequently, high interest rates) and the level of economic risk in the field of lending;

c) the level of the Central Bank's refinancing rate;

d) the level of inflation.

The credit policy of the enterprise is primarily determined by the following factors:

- the comparative effectiveness of the investment project or activity for which funds are allocated (profitability minus the interest rate);

- loan terms and payback period of the project;

- the overall level of risk in the company's activities.

5.4. Fixed capital management and depreciation policy

Fixed assets are assets that are directly or indirectly involved in the production process and gradually transfer their value to the value of the product over several cycles. For the monetary expression of the value of fixed assets, the concepts of fixed capital and fixed assets are used. The transfer of the cost of fixed capital to the cost of manufactured products is called depreciation.

In accordance with economic goals, capital is divided into production and non-production funds. Fixed production assets or fixed capital is, in fact, the production potential of an enterprise, which includes:

* industrial buildings and structures;

* transmitting devices;

* power machines and equipment;

* working machines and equipment;

* vehicles;

* measuring and regulating equipment and devices;

* production inventory equipment with a service life of at least a year and with a cost of at least a legally established norm.

Non-production funds are a part of fixed assets that is not directly involved in the production process and does not transfer soy value to finished products. These include residential premises, canteens, boiler rooms, dispensaries, clubs,

kindergartens and nurseries, sports and health facilities, and others that are on the balance sheet of the enterprise. Non-production fixed assets focused on cultural and recreational needs are similar to production fixed assets in terms of their terms of use, preservation of their natural form, and gradual loss of value.

Fixed assets are divided into two parts depending on their role in the production process:

1) active fixed assets,

2) passive fixed assets.

Active fixed assets include machinery and equipment, working machinery and equipment, conductors, measuring and regulating devices. The passive part includes buildings, structures and vehicles. Since the active part of fixed assets consists of production equipment, they are directly involved in the production of labor as tools. The passive part of fixed assets does not participate directly in the production process, but creates conditions for a continuous production process. Usually, the larger the active part of fixed assets, the greater the opportunity to increase production.

The ways to increase the active part of fixed assets are:

1) full mechanization and increasing the level of automation of production processes;

2) rational use of production areas;

3) reduction of the cost of construction and installation works during the construction of buildings and structures, etc.

The acquisition, construction, production or modernization of fixed assets requires certain direct costs, including installation costs necessary for their intended use. In this regard, the initial cost of fixed assets includes the actual costs incurred for their acquisition or construction and reconstruction. The initial cost includes both taxes and fees paid during the purchase and non-refundable, transportation and installation costs, and other costs for preparing the object for operation. The initial cost of fixed assets is periodically revalued. The value received after revaluation is called the replacement value. The cost of fixed assets

at market prices at a certain date is called the current value. The residual value is determined by deducting the accumulated depreciation amount from the original or current cost of fixed assets. The liquidation value is the value after deducting liquidation costs from the income received during liquidation.

The depreciation of fixed assets and the inclusion of the worn-out cost in the costs is expressed in the depreciation of fixed assets. Depreciation methods:

1) the method of straight-line write-off of the cost;

2) the method of calculating depreciation in proportion to the volume of work performed(production method);

3) accelerated depreciation methods:

- the method of writing off the cost by the sum of the numbers;

- the method of decreasing the balance (reducing the residual value).

Using the straight-line cost write-off method, the amortised cost of an object is written off evenly throughout its entire service life. The amortised amount is the difference between the initial cost of an asset and its liquidation value. The depreciation rate is calculated in proportion to the service life, for example, with a service life of 5 years, the depreciation rate is 20 percent.

The method of calculating depreciation in proportion to the amount of work performed implies that depreciation is the result of operation and time does not play a role for its calculation.

The accelerated cost write-off method is based on the assumption that moral depreciation prevails in the total depreciation of fixed assets. Therefore, the amount of depreciation calculated in the first years is higher and decreases every year. The following example can be used to determine the depreciation rate: The estimated useful life of the truck is 5 years. The sum of the years of use is 15 years (the total sum of the numbers from 1 to 5 is 15). The depreciation rate for the first year is 5: 15, the depreciation rate for the second year is 4:15, the depreciation rate is 3:15 for the third year, the depreciation rate is 2:15 for the fourth year and 1:15 for the fifth year. Therefore, the amount of depreciation calculated for the fifth year is 5 times less than for the first year.

In the decreasing balance method, the depreciation rate is assumed to be twice the depreciation rate for a straight-line write-off. However, the amortized cost is the residual value of the fixed asset in the corresponding year. That is, in the first year, depreciation is calculated at the original cost. In the second year, the amount of depreciation calculated as the first year is deducted from the original cost and depreciation is calculated based on the resulting residual value, etc. In order to ensure the safety of the company's fixed assets and control over their rational use, their inventory or re-registration is carried out. This is one of the most important actions in the financial management process, and before starting it, it is important to check the following:

- availability and condition of inventory cards, inventory books or lists;

- availability and condition of technical passports or other technical documentation;

- availability of documents for fixed assets transferred or received by the enterprise for leasing, storage and temporary use. In the absence of documents, it is necessary to ensure their receipt or registration.

In case of any discrepancies or inaccuracies in the registers or technical documentation, appropriate adjustments and clarifications should be made.

The inventory commission checks the inventory objects in their natural form and records their full name, function, inventory numbers, as well as key technical or operational indicators and condition.

If objects that are not reflected in the accounting are found, as well as if there is no information about them in the accounting registers or if there is incorrect information, the commission enters these objects or enters missing or correct information in the inventory lists.

The assessment of objects that were discovered during the inventory, but were not reflected in the accounting is made at the current cost, and depreciation is determined by the actual technical condition of the object. Information about the assessment and wear are issued by the relevant acts.

Fixed assets are reflected in the list by name in accordance with the main function of the object. If the object is restored, repaired, expanded and re-equipped and its main task has changed, then the new name corresponding to the new function is indicated in the record.

If it is established that capital works on the object (construction of new floors or new additional premises, etc.) or partial demolition of the object(demolition of some elements of the building or liquidation of part of the structure) were incorrectly reflected in the accounting, the commission must determine the increase or decrease in the cost of the object according to the relevant documents and reflect information about the detected changes in the inventory list.

At the same time, the commission should identify the perpetrators and the reasons why the changes in some items were not reflected in the registers.

Machines, equipment and power devices are entered in the lists of inventory individually, with the inventory number, specifying the manufacturer, type, year of manufacture, purpose, power, etc.

Objects of household equipment of equal value and submitted to the Department or unit in one of ito, the time recorded in the inventory card of the group follows, lists, inventory lists of names indicating their number.

The numbers assigned to the inventory items of fixed assets, as a rule, should not change. The numbers can be changed if it is found that objects were mistakenly included in other groups that do not correspond to the production functions of these objects or the numbering was performed incorrectly.

The objects of fixed assets located outside the economic entity during the inventory (sea and river vessels, railway rolling stock, motor vehicles, machinery and equipment sent for major repairs, etc.) must be inventoried before their temporary departure from the enterprise by a permanent or working inventory commission.

Fixed assets that are unusable and not subject to restoration are not included in the inventory list. A separate list is compiled for such objects and the time of

their commissioning and the reasons that caused their unsuitable condition (damage, complete wear, etc.) are indicated.The write-off of such objects is carried out in accordance with the accounting rules.

In addition to the inventory of fixed assets, the availability of fixed assets received for rent and for safekeeping is also checked. A separate list is compiled for such objects, indicating according to which documents they were received for responsible storage or for rent.

The initial cost of fixed assets may be periodically revalued taking into account inflation and other factors.

5.5. Pricing policy

The pricing policy of an enterprise can be implemented in conditions of different types of markets with different goals and pricing methods: pure competition, monopolistic competition, oligopolistic competition and pure monopoly. The formation and change of prices can have a significant impact on the company's income and, consequently, its financial position. Of course, the importance of non-price-related methods of competition cannot be ignored. The company pays great attention to the quality properties of its products, the organization of the sale of goods, the movement of goods, advertising, product maintenance and other areas.

It is known that prices on the market are formed as a result of the actions of three groups of factors:

1. Demand factors (such as the availability of similar goods on the market, their prices, the costs of entering the market, the income of buyers, the effective demand of buyers and, on this basis, a demand-oriented pricing policy).

2. Cost factors (production costs, marketing costs and profit).

3. Competition factors (the number of firms in the industry, prices for similar imported goods, prices for competitors ' goods).

The basic price is often set in the following order:

- the question of pricing is put in a general form,
- demand is determined,
- estimated costs,
- analyze the products and prices of competitors,
- the pricing method is selected,
- as a result, the final price is set.

At the same time, you can use various pricing methods.

"Average costs plus profit" is the simplest method of pricing and consists in adding a certain surcharge to the cost of goods. The amount of the surcharge can vary widely depending on the type of product.

Producers using the "desired rate of return" pricing method strive to achieve a certain return (percentage) on previously advanced capital.

When setting the price at marginal costs, the firm sells each additional unit of production at a separate price, in this case only variable costs are taken into account (covered). Such a strategy will be useful when the company is threatened with a shutdown and in other special specific cases.

5.6. Dividend Policy

The distribution of profits ultimately involves resolving the issue of accrual and payment of dividends to shareholders. In the Law "On Joint-Stock Companies and Protection of Shareholders 'Rights" in article 53, dividends are defined as follows:"A dividend is a part of the profit remaining after taxes and mandatory payments, reinvestment at the disposal of a joint-stock company and subject to distribution among shareholders." From this it can be seen that the profit of a joint-stock company is primarily directed to the payment of taxes and mandatory payments, secondarily to reinvestment (to expand its own capital) and after that the remaining part is distributed among shareholders as income. It is inappropriate to strictly establish in the company's charter what part of the profit should be necessarily directed to the payment of dividends. Because it is often difficult to

accurately determine the necessary amounts of reinvestment in an enterprise in advance. In the conditions of market relations, the insufficient direction of part of the profit for the expansion of capital negatively affects the technical and technological potential and competitiveness of the enterprise.

From such positions, the inclusion of the rule of mandatory payment of dividends in any cases is not acceptable. The issue should be resolved on a case-by-case basis at the general meeting of shareholders. The possibility of paying dividends on all types of shares depends on the company's performance, financial situation and constantly changing current needs. At the same time, it is impossible not to prepare for the future development of the enterprise.

In the conditions of market relations, a significant number of shareholders hope to receive serious dividends and even believe that the joint-stock company is obliged to pay dividends in any cases. However, the income that turns into dividends must first be created. For the sustainable creation of income, appropriate conditions are required and their creation is also required. Stable joint-stock companies strive to pay dividends on a regular basis. This makes it easier to attract new shareholders to the company.

Experts recommend that the company's charter provide for the creation of a production development fund and establish deductions to it from profits in the amount of at least the requirements of Article 34 of the Law "On Joint Stock Companies and Protection of Shareholders 'Rights".

5.7. Financial analysis as an important tool of financial management

The financial activity of the enterprise is a complex process and is expressed by a system of indicators. Analysis of the financial activity of an enterprise means studying the availability of financial resources, their condition, location and degree of use.

As mentioned above, the first stage of the analysis of the financial activity of the enterprise consists in a general assessment of the financial situation. At this stage, the volumes, general performance indicators of the enterprise, long-term and current assets, as well as liabilities are analyzed. To do this, the following indicators are used:

1. General absolute indicators of the company's activity.

2. General relative performance indicators of the enterprise.

3. Dynamic and structural indicators of the company's funds (assets).

4. Dynamic and structural indicators of the company's obligations.

5. Dynamic and structural indicators of material reserves and costs of the enterprise.

The analyzed enterprises may differ, including:

- by the volume of activity - small, medium and large enterprises, which affects the direction and depth of financial analysis;

- by types of technologies, i.e., they belong to different industries. This affects the security of enterprises with fixed and working capital;

- enterprises can cover their resource needs at the expense of their own and attracted sources in various proportions.

All of them have a significant impact on the overall, economic, and financial activities of the enterprise. Therefore, when analyzing the financial condition, a general assessment is made.

General relative indicators in financial analysis help to generalize the financial position of the enterprise. The following indicators are used as general relative indicators:

1. Gross output and gross profit (that is, profit before taxation) for each ruble of the property value.

2. Gross output and gross profit per unit of production assets (i.e. fixed and working capital) of the enterprise.

The main part of the company's property consists of production funds and the degree of their use has a direct impact on the financial situation.

These financial statements are the basis for financial analysis. The analysis can be carried out in the following directions:

- analysis of absolute indicators, i.e. indicators of the volume of funds of enterprises and their sources;

- horizontal analysis-analysis of absolute and relative changes in the articles reflected in the company's reports for a certain period;

- vertical analysis-analysis of structural changes in the company's funds;

- trend analysis-analysis of trends in changes in individual indicators reflecting the financial position of the enterprise;

- analysis of financial coefficients, indicators of liquidity, profitability, business activity, market activity and the capital structure of the enterprise are used as financial coefficients.

Financial ratios are divided into two groups:

- distribution coefficients;

- coordination coefficients.

When it comes to distribution coefficients, such indicators as the share of fixed and working capital in the company's property, the share of material and monetary resources in the total volume of working capital, the share of own and borrowed sources in the formation of the company's assets and other structural indicators are analyzed. When analyzing the coordination coefficients, the indicators of financial strength, balance sheet liquidity and profitability are used. The financial strength coefficient is the ratio between the material assets of the enterprise and the sources of their coverage, the balance sheet liquidity coefficient is the ratio between the working capital and short-term liabilities of the enterprise.

5.8. The content of financial control at the enterprise

The importance of control functions in the process of financial management is determined by the fact that it is impossible to achieve effective financial management without financial control. This stems from the nature of the company's finances. Almost all researchers of the foreign theory of finance,

describing the nature and functions of finance, pay special attention, along with its functions of distribution and redistribution, and the function of control.

The objects of the financial distribution function are the gross domestic product and national income on a national scale, and at the enterprise level - income, expenses, loans and profit. At the national level, financial resources are redistributed between regions and between industries and are used to meet national needs. At the enterprise level, in the formation and direction of financial resources, improving the efficiency of financial and economic activities is in the first place.

The extent to which the processes of distribution and redistribution of financial resources are carried out rationally, economically and efficiently is determined by financial control. The object of financial control is, on the one hand, the complete and, as far as possible, cheap formation of resources and income, and on the other hand, the economical and highly efficient use of these resources. Based on the results of financial control, information is obtained about the proportions of the distribution of financial resources, their timely and complete receipt at the disposal of the enterprise and, most importantly, how these resources are used effectively and efficiently. The function of financial control is carried out not in isolation, but in a harmonious combination with other functions of finance, such as the formation, distribution and promotion of effective use of resources. The combination of these functions is due to the fact that the economic essence of finance is literally one. In particular, the interrelation of the distribution and control functions reflects the inseparable nature of financial relations. Every financial relationship in the daily life of an enterprise includes all the above-mentioned financial functions, and it is impossible to find financial relationships that focus on only one function.

To perform the function of financial control, financial information is required. It comes mainly from accounting, statistical and operational reports. Financial data allows for a comprehensive analysis of the company's performance results and an economic assessment of its business potential and, ultimately, allows

it to cope with the emerging negative processes that are reflected in the relevant indicators.

It is obvious that in the context of market relations, financial control is carried out by entities whose interests are in one way or another connected with the activities of the enterprise. These subjects are interested in various aspects of financial processes at the enterprise that affect their interests. Nevertheless, it is possible to demonstrate the overall goal of financial control, which is to ensure the effective, timely and full targeted use of financial resources.

In general, financial control is an integral part of the company's economic control system, which, on the one hand, is aimed at protecting the interests of the state and society, and on the other hand, at protecting the interests of owners, employees, investors and potential investors, creditors and business partners. With the development of market relations, the importance of financial control increases.

Thus, financial control manifests itself in the form of the implementation of the financial control function, and the direction and content of financial control are determined by the nature of financial relations. At the same time, the content and directions of financial control are changing and enriching in connection with economic development and changes in industrial relations as a result of economic reforms. Thus, the economic independence of enterprises, the expansion of economic rights, their independence in carrying out financial activities, the diversification of entrepreneurship, the diversity of ownership forms, the liberalization of the economy lead to the enrichment of the content of financial control.

Financial control can be defined as a set of actions with the use of special forms and methods for checking individual aspects of the financial activities of economic entities and management bodies.

For the implementation of financial control by state bodies and large economic entities, special bodies are usually created, consisting of highly qualified and experienced specialists. Their rights and obligations are strictly regulated by law in the most basic aspects. At enterprises, financial control is carried out mainly

by the financial services of the enterprise, and in the absence of such services - by the chief accountant.

Financial control is an integral part of economic control in macroeconomics, industry and at the enterprise and is related to the formation of cost proportions at all levels. Financial control is applied in each area and has a specific purpose in each area. The object of financial control is the movement, formation, distribution and use of financial resources.

Financial resources are monetary funds in the form of funds (funds) in all sectors of the economy.

The subject of direct study in the course of financial control is various financial indicators, primarily profit, income, direct and indirect taxes, profitability, cost of production, transaction costs, financial investments, attracted funds, deductions for various purposes and funds. These indicators are interrelated and mutually dependent. Therefore, financial control covers all aspects of the relations of economic entities in the production process, economic, commercial, financial and credit mechanisms.

At the macroeconomic level, financial control includes the following analyses and reviews:

- compliance with the requirements of macroeconomic stability;

- optimization of the distribution and redistribution of GDP and national income;

- organization of income receipt and execution of the state budget (budget control);

- effective use of financial, labor and material resources at enterprises, organizations and budgetary institutions;

- the financial condition of economic entities and tax control.

At the microeconomic level, financial control consists of the following:

- promoting a balance between monetary income and the demand for funds and financial resources in the national economy and in certain sectors;

- ensuring timely and full fulfillment of financial obligations of economic entities to the state budget;

- identification of available reserves for the accumulation and expansion of financial resources of economic entities;

- justification of ways and means of increasing profitability by reducing cost;

- impact on the correct use of monetary and material resources of business entities, ensuring proper accounting and reporting;

- to ensure compliance with the current legislation and regulations, as well as to make proposals for improving the mechanism of taxation of enterprises of various forms of ownership;

- assistance in creating conditions for obtaining a high economic effect from the foreign economic activity of enterprises and foreign exchange transactions, etc.

Financial control is aimed at ensuring and strengthening financial discipline in all sectors of the economy. An effective measure to strengthen financial discipline is financial responsibility. The mechanism of financial responsibility provides for both administrative and economic measures against an enterprise or a person who violates financial discipline. The economic impact is carried out in the form of financial sanctions.

The mechanism of financial sanctions helps to strengthen the financial responsibility of all economic entities. At the same time, achieving the real sensitivity of financial sanctions is a key issue. In turn, the impact of financial sanctions is determined not only by their magnitude, but also by the fact that financial abuses are not ignored.

It is obvious that financial control plays an active role in various aspects of economic life and in solving the multifaceted tasks of economic management. Therefore, its organization must meet certain requirements.

Financial control is divided into the following types, depending on the official status of the entities conducting it:

- state financial control;

- internal financial control;

- public financial control; - independent (audit) financial control.

State financial control is carried out by national management bodies and authorized state bodies in accordance with the procedure established by law. Financial control by national authorities in various forms covers all economic entities in the country, regardless of the forms of ownership and organizational subordination. Control over the activities of economic entities by ministries and departments, in one way or another, applies only to the subjects controlled by them.

Internal financial control is carried out by an economic service (accounting, financial department, internal audit) established within the framework of an enterprise, organization or institution. The object of control is the financial and economic processes at the enterprise and the activities of its structural divisions.

Public financial control is carried out by a separate group or a specialist on a voluntary basis and without any remuneration. The procedure for conducting financial control by public representatives depends on the objectives of the control.

Audit financial control is carried out by special audit firms. Its purpose is to provide an independent and impartial assessment of the financial and economic activities of the enterprise from the point of view of protecting the interests of legal entities and individuals whose interests are related to the activities of the enterprise.

Financial control can be carried out in the form of initial (preliminary), current and final control.

Initial financial control is important for the implementation of financial and economic activities of legal entities and individuals. It includes procedures that must be followed when developing, reviewing and approving the company's financial plan, when developing cost estimates for institutions and organizations, and the procedure for conducting certain procedures or processes before signing constituent documents. Thus, the initial financial control helps to create the necessary conditions for the effective use of financial, material and labor resources

at the enterprise. This form of financial control helps to prevent violations of current legislation and regulations.

Current financial control is applied throughout the entire activity of the enterprise, in the course of financial and economic activities, when implementing financial plans. The main thing in this form is that it helps to find and quickly use the internal reserves of the enterprise in a timely manner. The current financial control is carried out by the financial service of the enterprise and ensures that daily measures are taken to prevent violations of financial discipline.

The final form of financial control is a set of measures that must be taken after the end of the reporting period or financial year. At the same time, the targeted expenditure of state monetary resources in the execution of the budget, the implementation of the financial plan of the enterprise or organization, as well as the results of the execution of the budget estimates by the budget institution are checked.

The final control is carried out in close connection with the results of the initial and ongoing control.

Financial control can be carried out according to the methods of execution in the form of verification, analysis, audit and audit.

The verification method considers specific issues of the financial and economic activities of the enterprise on the basis of accounting and reporting on balance sheet and expenditure documentation. During the audit, financial violations and shortcomings will be identified, and measures will be taken to solve existing problems and prevent the recurrence of negative situations.

The analytical method of financial control is usually used when using all its other methods. At the same time, the analysis has an independent significance for the control process. The method of analyzing financial control should be systematic and effective, since it is largely based on the study of data from periodic and annual reports. The analysis is aimed at ensuring that the expenditure of funds meets the standards and the implementation of plans.

The method of audit of financial control is the most strict and principled method of checking the financial and economic activities of enterprises and organizations for the reporting period. The audit covers all aspects of the activity during the period under review or the scope of activity in full and without exceptions. That is why audit is the most economically expensive way of financial control.

In practice, before any audit, a special program is adopted, which sets out the purpose, object, subject and tasks of the audit. In accordance with the purpose of the audit, a comparison of planned and reporting data, a cash check, documentary and cross-control, inventory of inventory values and other control procedures will be carried out.

The results of the verification by its executors are drawn up in the form of a drawn-up act. The act reflects the identified shortcomings and problems in the financial and economic activities of the enterprise and the measures necessary to eliminate them.

The subjects of financial control are special bodies and organizations that are entrusted with its implementation. In particular, the financial authorities within the Ministry of Finance control the attraction of funds to public finances and to their central link – the state budget, targeted and effective spending of public funds. The Ministry of Finance has a control and audit department, and the main control and audit divisions operate in local and regional financial departments.

The tax authorities are also obliged to exercise financial control on behalf of the state. The State Tax Committee is an operational control body of financial control and operates in accordance with the Law of the Republic of Uzbekistan "On the State Tax Service". The main tasks of the State Tax Service are:

- control over compliance with tax legislation, the correctness of calculation, full and timely payment of taxes;

- to provide the necessary conditions for compliance with tax legislation, assistance to taxpayers in fulfilling their tax obligations;

- direct participation in the implementation of tax policy;

- ensure full and timely registration of taxable objects and entities;

- prevention, detection and suppression of tax offenses.

A new type of financial control has appeared in the market economy, which acts as audit control. The first difference between an audit and an audit is that the audit is conducted by an independent, neutral and professional auditor for an agreed remuneration.

An audit can be carried out at enterprises of all forms of ownership. An audit firm is an independent institution whose independence contributes to the objectivity and high quality of control. The auditor is not a civil servant, he is an accountant, a highly qualified specialist in the field of finance, accounting and control.

The auditors are united in the Chamber of Auditors. This serves to train and retrain audit personnel on the basis of uniform standards, to ensure a high level and control of professional knowledge of auditors.

The audit can be internal (within the company) and external. Internal audit is an audit service within the company itself or as part of its branches and divisions. Internal audit is aimed at improving the financial and economic activities of the enterprise, ensuring timely and accurate implementation of management decisions, increasing profitability and profitability. The objectives of the internal audit include: - ensuring compliance with the rules and principles of accounting in the preparation of periodic and annual reports;

- processing, consideration of the recommendations of the external auditor;

- advising the head of the enterprise on all issues of the company's financial strategy;

- verification of the accuracy, reliability and timeliness of financial statements and information;

- analysis of measures to preserve the integrity of the company's assets;

- measures to save liquid materials and determine the reserves for saving them;

- determination of the effectiveness of the financial and economic activities of the company and its branches, and others.

External audit is carried out by specialized audit firms. The main task of the external audit is to confirm the reliability of the company's financial statements. Nevertheless, during the audit, a thorough analysis of the financial and economic activities of the enterprise is carried out and recommendations are made to eliminate shortcomings. The goals and objectives of the external audit can be described as follows:

- determination and assessment of compliance of the financial and economic activities of the enterprise and accounting with the current legislation;

- determination of the effectiveness and efficiency of the internal audit service of the enterprise;

- analyze and evaluate the financial condition of the enterprise;

- providing financial recommendations to improve the efficiency of the enterprise;

- determining the completeness and correct accounting of taxable income, assistance in preventing financial sanctions against the company;

- other tasks provided for in the audit contract.

The audit can be divided into three stages. The first stage is the preparatory stage, where the data is selected and systematized, and then compared based on the relationship between the indicators in the reports. At the second stage, accounting and reporting data are analyzed. At the third stage, a conclusion is drawn up. The auditor must ensure the preservation of the company's trade secrets. Disclosure by the auditor of any information about the company's activities is allowed only in cases established by law. In order to engage in auditing activities, it is required to obtain an appropriate license from the Ministry of Finance and comply with the requirements of the Law "On Auditing Activities".

5.9. Organization of financial control in the company's activities

The control function of financial management is carried out as control over the flow of cash flows of the enterprise. At the same time, monitoring and analysis of changes in financial indicators of payments and settlements contributes to the consistent implementation of the financial strategy.

The control function of financial management serves the purposes of determining the sources of income of the enterprise, the structure of funds in the process of production and sale, as well as regulating income and expenses when using the funds and material resources of the enterprise.

Efficient use of raw materials and material resources, increased labor mobility, timely repayment of debts and payments has a positive impact on the balance of material and financial resources, income and expenses of the enterprise. Therefore, financial control at the enterprise is reflected in the following areas :

- control over the timely payment of all created assets of the enterprise by sources of financing;

- control over the structure of funds based on the needs of production and social development at the enterprise;

- control over the targeted and effective use of financial resources.

To improve the effectiveness of financial control at the enterprise, the development and application of standards is important. Their application will determine the sources of monetary resources and the amount of funding. Using the standards, financial resources are regulated, economic relations are established. The use of funds is based on a budget or financial plan, which allows you to control the purposefulness and efficiency of cash flows.

In enterprises belonging to different forms of ownership, the management bodies have a different structure. However, the general content of financial control is generally the same, and the differences between enterprises largely depend on the industry characteristics of the enterprise, and not on the form of ownership.

In accordance with Article 63 of the Law "On Joint-Stock Companies and Protection of Shareholders 'Rights", the joint-stock company is managed by the general meeting of shareholders, the supervisory board and the executive body. Internal control over the financial and economic activities of the Company is carried out by the audit commission and the auditor. This law contains general requirements for the management bodies of a joint-stock company, but also provides for the right of shareholders to organize the management of the company, the distribution of powers between the management bodies and the choice of various options for organizing permanent or temporary control bodies. In general, the law provides for the creation of the following management and control bodies in joint-stock companies:

- general meeting of shareholders;
- supervisory board;
- executive body;
- audit commission;
- auditor;
- counting commission;
- liquidation commission.

Shareholders may participate directly or indirectly in the selection or appointment of these bodies. The controlling bodies of mono also include an independent register holder who maintains the register of shareholders. Because the control and accounting functions performed by it affect the management of a joint-stock company.

Article 64 of the Law on Joint-Stock Companies and Protection of Shareholders ' Rights states that the general meeting of shareholders is the highest management body of the company. The General Meeting resolves issues related to the creation, operation, reorganization and liquidation of the company, makes amendments and additions to the company's charter.

In a company with less than thirty shareholders, the functions of the Supervisory Board may be assigned to the general meeting of Shareholders in accordance with the company's charter.

The General Meeting of Shareholders is usually convened as a general reporting meeting of shareholders once a year. During the period between general meetings, the Supervisory Board acts on behalf of shareholders.

The number of members of the Supervisory Board is determined by the decision of the General Meeting of Shareholders. In a company with more than five hundred shareholders, the number of members of the supervisory board must be at least 7 people, and in a company with more than one thousand shareholders - at least 9.

In accordance with article 83 of the Law "On Joint-Stock Companies and Protection of Shareholders 'Rights", when electing members of the Supervisory Board, a shareholder has the right to vote with shares belonging to him for one candidate or distribute them among several candidates.

In accordance with article 76 of the Law, cumulative voting is used when selecting members of the Supervisory Board, which means that the number of votes cast for all candidates is determined by the number of voting shares participating in the meeting, and cannot be more than this number.

The company's current activities are managed by the executive management body. This function can be performed by a sole executive body (director) or a collegial executive body (management board, board of directors).

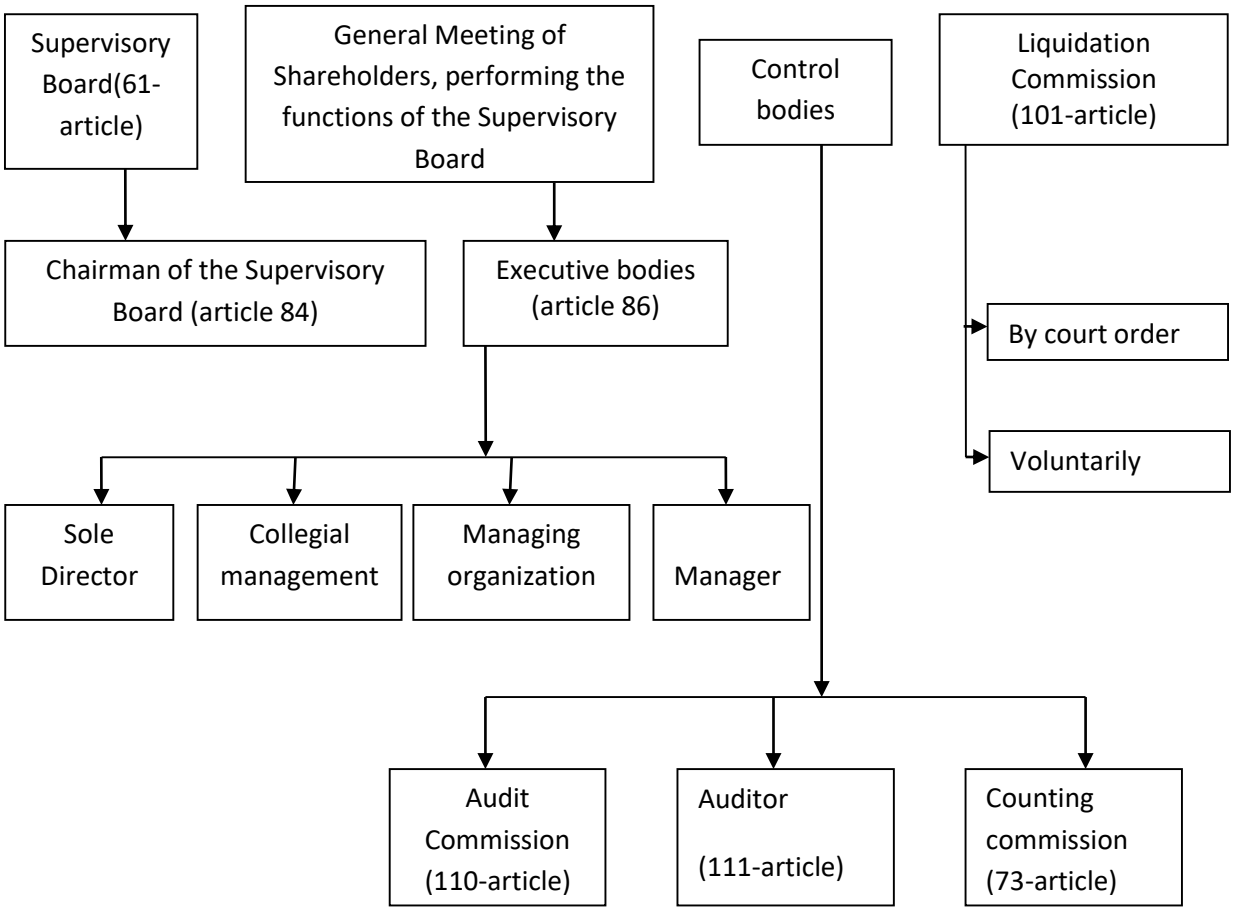
The director acts on behalf of the company without a power of attorney, enters into contractual relations, approves the staff, issues orders and orders that are mandatory for all employees. To exercise control, the general meeting of shareholders elects the audit commission, which, in accordance with the company's charter, is the internal control body for the financial and economic activities of the company. A member of the audit commission may not simultaneously be a member of the supervisory board or hold other positions in the company's

management bodies. By the decision of the general meeting, an auditor may be elected instead of the audit commission.

The auditor's candidacy is approved by the General Meeting of Shareholders. The audit of the company's financial and economic activities is carried out on the basis of an agreement between the company and the auditor. The amount of the auditor's remuneration is determined by the Supervisory Board of the Company.

Figure 5.1

Management and control bodies of the joint-stock company



In accordance with Article 73 of the Law "On Joint-Stock Companies and Protection of Shareholders 'Rights", an accounting commission is created in a company with more than one hundred shareholders. The counting commission must consist of at least three people. In a company with more than five hundred shareholders, the functions of the counting commission may be assigned to a specialized holder of the company's register.

It should be noted that the auditor plays a special role among the bodies related to the financial control of the company's activities. The audit is carried out on behalf of the owners of the joint-stock company, since the auditor's candidacy must be approved by the general meeting of shareholders. Therefore, audit as a hired service means internal control of the business. At the same time, due to its official status, the audit should also protect the interests of external users interested in financial information. In this regard, the audit is an external financial control of the enterprise.

External financial control over the activity of the enterprise is also carried out by tax authorities, commercial banks, customs authorities, bodies for coordinating and regulating the securities market, state bodies for insolvent enterprises. Tax control and banking control are the main ones.

The tax authorities control the following:

- full and timely fulfillment of the company's obligations to the state on taxes and mandatory payments;

- accurate and complete accounting of the income and expenses of the enterprise, property;

- timely and complete delivery of cash receipts to the bank;

- compliance with payment discipline, compliance with the current legislation on receivables and payables;

- timely payment of wages to employees;

- compliance with the order of export-import operations and currency legislation.

Banking control practically covers the same areas as in tax control. In addition, banks can enter into credit relations with the enterprise. In this regard, the bank monitors the targeted use of the loan and monitors the financial condition of the enterprise.

5.10. The main indicators used in financial control

In a market economy, the sustainable development and high profitability of an enterprise are reflected in its financial indicators. In this regard, these indicators determine the attractiveness of the company for investors. It is believed that the better the financial indicators, the lower the risk of investing financial resources in the enterprise.

Financial indicators are relative indicators that reflect the financial position of the enterprise. Therefore, they are compared with the past or with a similar business. At the same time, there are indicators that are expressed in absolute values, but they are not always comparable for different enterprises.

The analysis of financial indicators helps to choose the most financially reliable and most effective option. Financial indicators can be divided into the following groups :

1. Liquidity indicators.
2. Asset management indicators.
3. Profitability indicators.
4. Debt management indicators.

One of the most important criteria for the financial stability of an enterprise is the assessment of its liquidity. The company's liquidity reflects its ability to make payments on its short-term debt. The most liquid type of assets is cash. The

money can be used to pay off debts and to buy material resources. Liquid assets are assets that can be quickly converted into cash without losing their value.

The first of the liquidity coefficients is called solvency coefficients or coverage coefficients. It is calculated by dividing the amount of working capital (OK) by the amount of current liabilities(TO):

$$K1 = \frac{OK}{TO}$$

Working capital includes cash, goods in warehouses and accounts receivable. Current liabilities include short-term bank loans, debt from suppliers of material resources, debt from the budget and extra-budgetary funds, and wage arrears.

If the joint-stock company is unable to pay its current debt within a short period of time, there is a risk of bankruptcy. In short-term debt, the repayment dates come very quickly. Therefore, a certain part of the company's funds should be ready for their timely repayment. And this depends on the level of liquidity of assets. Usually, the higher the working capital of the company, the higher the level of liquidity of the enterprise, since it can be converted into cash faster. The value of this indicator is considered normal from 2:1 to 3: 1. Less than 1:1 means that fixed assets are also partially financed by short-term debt. This is considered economically negative.

The second indicator is called the rapid liquidity ratio:

$$K2 = \frac{OK - TM3}{TO}$$

TMZ here is inventory.

The liquidity of inventory is not always at an acceptable level. Therefore, the k of the first indicator has to be adjusted if necessary. The normal value of the second indicator is from 1.2:1 to 1.8:1. The

third indicator is called the absolute liquidity ratio. Its value is calculated as the ratio of cash (Ds) and short-term debt securities (CD) to short-term debt:

$$К3 = \frac{Дс + КД}{ТО}$$

Many experts believe that if the value of this indicator falls below 0.2: 1, there will be financial difficulties.

One of the indicators characterizing the quality of financial and economic activities of corporate governance bodies is the turnover ratio:

K4 =D Accounts receivable

Sales volume/360

This indicator compares the amount of accounts receivable with the volume of sales and reflects how quickly payments are made for the goods sold. This indicator may worsen as a result of inefficient management, strong competition or customer insolvency.

Another indicator is the indicator of the turnover of the company's production stocks:

K5 = TMZ

Sales volume

When analyzing the financial condition of an enterprise, the concept of "net working capital" is used:

K6 = working capital - short-term accounts payable. The presence of net working capital characterizes the formation of working capital at the expense of the company's own sources or long-term debt, which is important for financial stability. When calculating the same indicator in the form of the ratio of net working capital to current liabilities, a mobile coverage coefficient is generated. It is desirable that this coefficient is not less than one.

The financial stability of an enterprise is also reflected in the accumulation of its own funds as a result of its economic activities, in the ratio of its own and borrowed sources and in the share of accumulated depreciation in the initial cost of fixed assets, in the coverage of material working capital from its own sources.

The autonomy coefficient shows the share of owners in the total assets of the enterprise. This indicator for manufacturing enterprises should be at least 0.5. An

economically acceptable level is 0.7-0.8, because any business should work with the use of accounts payable.

The bankruptcy prediction coefficient represents the share of net working capital in the total assets of the balance sheet. If the company is facing financial difficulties, this indicator will quickly decline.

The immobilization coefficient (depreciation accumulation coefficient) characterizes the general condition of fixed assets. This coefficient is calculated as the ratio of the amount of accumulated depreciation to the original cost of fixed assets. Its value of more than 0.5 indicates that the company's fixed assets are significantly outdated.

The financial stability coefficient expresses the share of sources in the total amount of the balance sheet liabilities that the company can use for a long time. The difference between this coefficient and the autonomy coefficient is that it combines long-term borrowed funds and targeted financial receipts with the company's own liabilities.

To assess the efficiency of the enterprise, indicators of the use of working capital are important.

To determine the availability of working capital, the total amount of the first part of the balance sheet liability (own sources of funds) is subtracted from the total amount of the first part of the balance sheet asset (non-current assets). This indicator is also called balance sheet liquidity or working capital. An enterprise with an illiquid balance sheet is considered non-creditworthy.

Questions for monitoring and discussion

1. What is the financial policy of the company?
2. Explain the accounting and tax policy.
3. What is the content of the credit policy?
4. What is the value of the depreciation policy?
5. What is the subject of financial analysis?

6. Explain the content of the financial control of the business.
7. What are the legal bases of financial control?
8. How to organize the financial control of the enterprise?
9. Describe the main indicators used in financial control.

Chapter 6.

Enterprise Asset Management

6.1. The content of the company's assets. Classification of the company's assets

The economic resources at the disposal of the enterprise are called the assets of the enterprise. The most important feature of assets is that they bring economic benefits to the enterprise in the present and (or) future. In turn, this economic benefit is expressed in an increase in assets or in a reduction in economic liabilities.

The assets of the enterprise that bring economic benefits in full in the current period are current (short-term) assets. Assets that bring economic benefits beyond the current period are called long-term assets. The assets embodied in current assets are the current assets of the enterprise. Funds embodied in long-term assets are sometimes called non-current assets. Their conversion into monetary resources is much slower than working capital.

The part of the company's capital used to finance the formation of long-term assets is the main capital. Long-term assets include fixed assets, intangible assets,

long-term financial investments, capital investments and long-term accounts receivable.

In business practice, fixed assets and intangible assets include assets with a service life of more than one year, used for industrial, commercial or administrative purposes and not intended for resale.

Depending on the nature of the transfer of their value to the cost of production or to the expenses of the period, long-term tangible assets are divided into three groups:

1) depreciable tangible assets (buildings, equipment, etc.);

2) tangible assets characterized by their gradual decrease (minerals, forest resources);

3) non-diminishing and non-wearing (non-amortised) tangible assets (land).

Long-term assets that are not fixed assets include the cost of construction in progress, intangible assets, taking into account their depreciation, and others.

The main task of financial management is to determine the priority directions of financing funds based on the study of the dynamics of changes in the analyzed indicators.

The management of the current assets of the enterprise is an important element of asset management. In most cases, current assets are called working capital or working capital. In general, the working capital of enterprises is part of the total capital invested in its assets.

The structure of the working capital of the enterprise and its management are considered separately in another section.

. In this case, it should be noted that the term capital is used both to describe the assets of the enterprise, and to reflect in the liability balance of its own sources of generating funds (as opposed to debt or external sources). But the term capital in both cases has a different content. In the first case, capital is wealth itself, and in the second-the source of wealth.

Part of the fixed and working capital is represented in the form of financial assets or financial assets.

Financial assets. Investment assets. Part of the income of economic entities is converted into savings. And savings are a source of investment. Thanks to investments, production will expand, technically and technologically improve. Investments are the material and economic basis of entrepreneurial activity. The effectiveness of investments is expressed, on the one hand, in the cost form in the economic results of entrepreneurial activity, and on the other – in the payback period in units of time. The concept of investment is broader than the concept of capital investment.

Investments in the renewal and expansion of fixed assets are called capital investments. Investments are money, financial resources. They will be used for the expansion, modernization and reconstruction of production, for increasing the purchase of materials, labor, i.e. for the growth of real capital.

The objects for investment are much wider than for capital investments. The objects of capital investments include fixed assets, and the objects of investment are shares, bonds and other financial objects, as well as use rights and property rights, scientific and technical products, know-how, personnel training and others.

Depending on the object of investment, investments are divided into real, financial and intellectual investments.

All types of investments made by investors in fixed capital and working capital are called real investments.

Currently, the real economy for its structural adjustment is in urgent need of new equipment, technologies and large-scale construction works and, accordingly, real investments. One of the main directions of meeting this need is to stimulate the invested activities of enterprises.

All types of investments made by investors in stocks, bonds and other securities are called financial investments.

The set of securities in which the company's funds are invested is called an investment portfolio. When forming an investment portfolio, the following principles are observed: security (risk reduction), profitability, liquidity and achieving investment growth. These principles are mutually exclusive to a certain

extent. For example, the desire for profitability increases the risk of losing investment value. Securities with high liquidity do not always bring high returns. Government securities have high liquidity, low risk, but lower profitability than corporate securities.

For shares of newly created, innovative (based on new directions of science and technology) enterprises, income is guaranteed to a low degree, but they are considered promising from the point of view of future capital growth.

An investment portfolio in which all of the above principles are largely observed is called a balanced portfolio. A portfolio formed from securities of well-known and proven firms is a conservative portfolio. An aggressive portfolio consists of securities of companies with low liquidity, high risk, but expecting rapid growth in the future.

The investment portfolio can include both short-term securities, stocks and bonds.

There are many ways to build an investment portfolio. The most famous of them is the theory of portfolio investment by William Sharp and Harry Markowitz. The principles of this theory are as follows:

1) investments should be correctly distributed by asset types;

2) the investment risk for a specific type of securities is determined by the probability that the profit will differ from the expected level;

3) the total return and risk of the investment portfolio can be changed by changing its structure;

4) all assumptions and criteria for the formation of an investment portfolio are probable.

There are several types of portfolio:

- growth portfolio – a set of securities whose prices are growing rapidly;

- income portfolio - a set of securities that provide a high and reliable current income;

- risky investment portfolio –securities of new, young and aggressive enterprises;

- special (specialized) portfolio-includes only certain groups of securities;

- a portfolio in the balance sheet or a mixed portfolio – a set of different securities.

The main goal of forming a portfolio is to achieve an optimal ratio of profitability and risk for the investor.

Optimality is characterized by minimizing risk and maximizing profitability to the maximum extent possible. Risk minimization is often achieved through diversification, that is, the acquisition of various stock values. The low income from one type of securities is compensated by a higher profit from another type of securities.

When forming a portfolio, the investor should pay attention to the following goals:

1) the goal of maximizing portfolio income;

2) a goal designed to increase the exchange rate of securities included in the portfolio;

3) determination of the specific weight in the investment portfolio by acceptable risk and profitability.

There are two different approaches in the theory and practice of portfolio management: traditional and modern.

The traditional approach is based on fundamental and technical analysis. It is expected to acquire valuable assets in a wide range of industries.

The modern theory of portfolio management involves the use of statistical and mathematical methods. Its peculiarity is that the relationship between market risk and profitability is determined by the criteria of optimality. Computer equipment and methods of mathematical calculations are used.

The portfolio strategy is an integral part of the financial management strategy. The task of the portfolio strategy is to create conditions for the effective use of the external investment structure.

The portfolio strategy is subordinate to the strategy of financial management of the enterprise and commercial organization.

6.2. Form and procedure for assessing working capital

In the process of managing the financial resources of entrepreneurial activity, an important place is occupied by the assessment of working capital. The working capital of the enterprise exists in the following types:

-inventory;

- unfinished production;

- accounts receivable;

- short-term financial investments;

- cash ;

- the current part of the expenses of the future period.

Raw materials, basic and auxiliary, fuel, semi-finished products and components, spare parts and containers are estimated at the actual cost price. The actual cost price also includes the costs of delivering material resources, interest payments on a purchase loan, overhead and additional costs, commission costs, payments to supply organizations, import costs, exchange costs, transportation costs, storage costs and others.

In a market economy, the prices of material resources fluctuate. The cost of delivering resources is also variable. Accordingly, when assessing inventory, the time of the assessment is also important.

From these positions, the following approaches can be used to evaluate inventory:

- estimate in current prices;

- estimation of the cost of material resources at the actual cost price;

- evaluation of purchased materials using average prices.

Valuation at current prices means that when stocks are spent on production, they are estimated and included in the costs at the purchase price of the last purchased batch. This method is called the LIFO method in economic practice.

When estimating the cost of materials at the actual cost, they are included in the costs at the actual cost of acquiring material resources. In economic practice, this method is called the FIFO method.

In conditions of inflation, the LIFO method reduces the profit of the enterprise, and FIFO increases profitability.

When managing costs at enterprises and firms, financial management should be based on the following principles:

- achieving high profitability due to the effective use of funds for individual current expenses;

- control over the financing process.

Financial management should be aimed at reducing production and circulation costs. When managing current expenses, the estimate of production costs and the estimate of circulation costs are controlled. Such financial information allows you to strengthen the control of costs for the enterprise as a whole and for its divisions.

Formation of working capital of enterprises. A distinctive feature of the financial management system is the determination of the volume of working capital necessary to ensure the continuity of the reproduction process, and the development of financial solutions for alternative options to meet the financial demand for working capital.

The company forms its working capital at the expense of the following sources:

- at the time of creation, the company has its own funds, which are reflected in the authorized capital;

- in the process of managing:

a) at the expense of the company's profit; b) at the expense of a bank loan, if the profit is insufficient; c) one of the sources of working capital is stable liabilities, since an integral part of the working capital category is also conditionally equated to its own sources. Stable liabilities include permanent wage

arrears to employees; expenses of the future period and reserves for reimbursement of future costs, etc.

The analysis of the financial situation of the enterprise begins with the determination of its own and equivalent funds.

The total amount of own and equivalent funds is added to the amount of stable liabilities within the limits of the standards and the cost of fixed assets and non-current assets is deducted from the resulting total (section 1 of the balance sheet asset). The resulting value characterizes its own source of working capital formation. The indicator of ensuring the formation of working capital at the expense of own sources is important for assessing the sustainability of the business. Commercial banks do not provide loans to enterprises with a permanent shortage of working capital, considering them insufficiently solvent.

The time interval in which cash flows occur reflects the duration of the production and commercial process. The working capital needs of enterprises are the object of financial planning and are reflected in its financial plan.

The question of the sources of the formation of the working capital of the enterprise is also relevant from another point of view. Thus, the market situation is constantly changing, so the needs for certain elements of working capital are also changing. The main source of information when determining the need for working capital is the balance sheet. The head of the enterprise, having familiarized himself with the balance sheet, can get an idea of the dynamics of working capital. For example, an increase or decrease in the number of production stocks may indicate that an enterprise is increasing its production capacity or accumulating excess stocks in excess of the established stocks of raw materials and materials.

Determining the turnover rate and the efficiency of working capital makes it possible to determine the optimal opportunities for the formation of borrowed funds. This is also due to the fact that one of the main tasks of financial management is the formation of justified sources of borrowed funds.

Generally speaking, the issues of making financial decisions on the formation of borrowed funds are one of the key elements of liability management.

Of course, for these methods of managing liabilities, the main sources of information are the data of the enterprise's accounting system, which reflects the financial and economic activities of the enterprise.

6.3. Management of working capital of the enterprise

The working capital of the enterprise is managed on the basis of an analysis of the turnover indicators and the efficiency of working capital according to their compliance with financial criteria. The system of such indicators includes:

- turnover of raw materials and materials;
- turnover of accounts payable;
- turnover of finished products;
- turnover of accounts receivable;
- the period of cash turnover.

When making managerial decisions in financial management, the source of the necessary information is the data of the balance sheet and other forms of financial statements of the enterprise. Elements of working capital are continuously moving from the production process to the sphere of circulation. Part of the working capital is constantly in production (production stocks, work in progress, finished products), and other parts are in the process of circulation (shipped goods, accounts receivable, cash, securities). Therefore, the composition and volume of working capital of subjects should correspond not only to production, but also to the sphere of circulation.

The need for working capital varies for different types of economic activity, since the material content, the speed of turnover of working capital is determined by the volume, technological and organizational basis of production and other factors. In practice, working capital for the purposes of planning, accounting and analysis is grouped according to the following criteria:

- depending on their functional role in production-production working capital and circulation funds;

– depending on the practice of control, planning and management-normalized and non-normalized working capital;

- depending on the sources of working capital formation-own working capital and borrowed working capital;

- depending on the liquidity indicators-absolutely liquid working capital, quickly realized working capital, slowly realized working capital;

- depending on the material content - objects of labor (raw materials, materials, fuel, work in progress, etc.), finished products, goods, money, etc.;

- according to accounting standards and as reflected in the balance sheet-reserve working capital, cash and other;

- according to the risk of capital investment - working capital with minimal risk, working capital with high risk.

The division of working capital by functional characteristics into production working capital and circulation funds is important for analyzing the time of participation of working capital in the production process.

Table 6.1.

Composition and structure of working capital by functional role in the production process

	Working capital groups	Composition of working capital	Accounting accounts as a source of information
1.	Production working capital (working capital in the production process)	1.1. Production resources:	
		- raw materials	1010
		- basic materials	1010
		- semi-finished products	1020
		- fuel	1030
		- auxiliary materials	1060
		- inventory and equipment,	1080
		1.2.Funds in the production process:	
		- work in progress	2010
		- own semi-finished products	2110
		- expenses of future periods	3110

2.	Circulation funds (current assets in circulation)	2.1.Unsold products and goods: - finished product - shipped goods - goods for resale 2.2. Cash: - cashier - settlement account - currency account - securities - other cash - settlements with other legal entities - accounts receivable	 2810 2810 2910 5010 5110 +5200 5810 5500.5600 40 00-4800
3.	Total working capital	(п1 + п2)	

Working capital groups Composition of working capital Accounting accounts as a source of information

1. Production working capital (working capital in the production process)

1.1. Production resources:

- raw materials
- basic materials
- semi-finished products
- fuel
- auxiliary materials
- inventory and equipment,

1.2. Funds in the production process:

- work in progress
- own semi-finished products
- deferred expenses

1010 1060

1010 1080

1020

1030

2010	3110
2110	

2. Circulation funds (current assets in circulation) 2.1. Unsold products and goods:

- finished product
- the shipped product
- goods for resale

2.2. Cash:

- cashier
- current account
- currency account
- securities
- other cash
- settlements with other legal entities-accounts receivable

	5010
2810	5110
2810	+5200
2910	5810
	5500.5600
	40 00-4800

3. Total amount of working capital (p1 + p2)

Current assets are reflected in the 2nd section of the asset balance sheet and is the monetary expression of funds in circulation. Unlike fixed assets, working capital is completely consumed in one production cycle, transfers its value to the cost of the finished product and is restored both in value and in kind and is in direct movement.

As we can see, working capital is part of a continuous flow of business operations. At the enterprise, the purchase of production resources leads to an increase in production stocks and accounts payable; production leads to an increase in the volume of finished products; as a result of sales, accounts receivable, cash

on hand and on the settlement account increase. This cycle is repeated many times and, as a rule, these transactions in terms of content are a simple act of cash receipts and cash payments.

The efficiency of working capital. The time factor serves as a criterion for effective management of working capital in value terms. The more times the working capital is in one unchanged form (money or goods), the slower the cycle becomes, which, in turn, negatively affects the activity of the enterprise.

The faster the working capital turns around, the better the financial situation of the company.

The financial results of the company's activities largely depend on the level of rational use and provision of working capital. The level of use of current assets reflects the turnover indicators, which are calculated for all current assets or for certain types of working capital. The assessment of these indicators for individual components of current assets (production reserves, accounts receivable and accounts payable) complements and deepens the analysis of liquidity indicators.

The one-time cycle of turnover of working capital (OP) is determined by the following formula.

$$OP = \frac{OC}{O\Pi}$$

Where: OS - the average annual balance of working capital in soums.

OP - the volume of sales in soums.

We calculate the turnover coefficient (CO)of working capital using the following formula:

$$KO = \frac{OP}{OC}$$

To facilitate the calculation of the working capital cycle, the number of days was assumed to be 360 days per year, 90 days per quarter and 30 days per month.

For example: the company sold $ 25 million of products per year, the average annual working capital balance of 5 million rubles, the turnover ratio = 25/5 = 5.

6.4. Accounts receivable and its management

Accounts receivable is an objective element of the market economy and its level affects the sales policy, the credit policy of the company and the economic conditions of the business. The increase in accounts receivable is associated with an increase in sales, which means an increase in income. However, on the other hand, there is an increased risk of loss of receivables and bad debts. The financial manager is obliged to determine the reasonable limits of accounts receivable.

In normal economic conditions, accounts receivable is a necessary phenomenon that helps to develop production and improve the financial condition of the enterprise. However, its irrational scale at the micro and macro levels can lead to illiquidity and insolvency of enterprises. This leads to the bankruptcy of enterprises and reduces revenues to the state budget.

Accounts receivable for normal processes include:

- advances paid to suppliers under contracts (purchase of gas, electricity, motor transport and communication services, materials);

- part of payments not paid for by goods;

- the debt of persons who received money for reporting (for the advances issued) within the established deadlines for submitting reports.

Abnormal accounts receivable: debts due to shortages, robberies and thefts, inconsistency of the received values with the assortment and quality established in the contracts, which are recognized by the persons who committed them, by the defendants or by court decisions.

In the course of economic activity, ordinary accounts payable for unfinished settlements arise within the framework of the legislation. This:

* arrears to suppliers within the terms of payment for invoices;

* arrears to workers and employees on wages and social insurance contributions;

* debt arising from the fact that tangible assets were received earlier than their payment deadlines;

* tax arrears to the state and others.

Accounts receivable are funds that are outside the turnover of the company's funds and are used by other individuals and legal entities. The company's own funds or borrowed funds received from other companies are the sources of the formation of receivables.

Accounts receivable - immobilization of funds from turnover, accounts payable - temporary attraction of funds from other individuals and legal entities into the turnover of the enterprise.

In the case of repayment of receivables, the current account, currency accounts, cash on hand or inventory increases. The balance total will not change. However, if an enterprise receives borrowed funds from other companies or loans from banks, the balance sheet total increases due to an increase in accounts payable - obligations to other entities.

Accounts receivable are part of current assets and are reflected in the balance sheet in section 2 "Current assets". This section reflects the funds in the following groups:

- settlements with buyers and customers;
- advance payments;
- calculations with the budget;
- settlements with employees;
- settlements with subsidiaries;
- settlements with companies belonging to the association;
- settlements with the founders;
- other debtors.

The item "Settlements with buyers and customers" reflects the debt for goods, works and services provided to customers. It reflects the state of debt on

goods, works and services before its payment to the company's settlement account or before accounting for mutual claims or before payment by promissory note security.

The head of each enterprise should always remember that accounts receivable is one of the main factors affecting the financial situation of not only this enterprise, but also its partners and the economy of the country as a whole.

Turnover of accounts receivable. When analyzing accounts receivable or receivables, special attention is paid to their turnover. This is due to the fact that the degree of turnover of receivables and payables is one of the most important indicators of the financial condition of the enterprise.

Let's consider the reflection of accounts receivable in the "Current Assets" of an enterprise on a conditional example:

Table 6.2.

The state of accounts receivable (thousand soums)

Elements of accounts receivable	Total at the end of the period	By the timing of occurrence				
		До 1 месяца	От 1 до 2 месяцев	От 3 до 6 месяцев	От 6 месяцев до 1 года	Более 1 года
1. Settlements with buyers and customers	235470	98670	89000	26470	20190	1140
2. Advance payments	18840	*	18840	*	*	*
3. Calculation with the budget	465	465	*	*	*	*
4. Settlements with employees	795	375	*	*	420	*
5. Settlements with subsidiaries	4438	*	4438	*	*	*
6. Settlements with the founders	-	*	*	*	*	*

7. Settlements with associated enterprises	38760	*	29970	8790	*	*
8. Other accounts receivable	6540	1815	3810	*	+782	133
Total	345255	10130	186000	3526	21392	1273

The turnover of accounts receivable means the average maturity of the debt and is expressed in the turnover ratio. According to this indicator, it is possible to determine, on average, in what terms it is possible to expect repayment of the receivables that have arisen.

The turnover of accounts receivable is determined by dividing the sales revenue by the total amount of accounts receivable.

By multiplying the amount of receivables by the number of calendar days of the period and dividing the result obtained by the amount of net revenue, the number of days of one turnover of receivables is determined.

At the analyzed enterprise, accounts receivable increased by 160410 thousand soums compared to last year. And the amount of net revenue from the sale of products also increased by 972525 thousand soums. As a result, the maturity of accounts receivable decreased by 3 days compared to the previous year. In other words, the turnover of accounts receivable has accelerated. This acceleration was due to an increase in net revenue from the sale of products, goods, works and services.

Table 6.3

Analysis of accounts receivable turnover

Indicators	Last year	In the reporting year	The difference
1. Total amount of accounts receivable (thousand soums)	184845	345255	+160410
2. Net revenue from the sale of	1015935	1988460	+972525

products (thousand soums)			
3. Current assets (thousand soums)	846420	1430730	+584310
4. Overdue accounts receivable (thousand soums)	1877	12 73	-604
5. Turnover ratio of accounts receivable (2s / 1s)	5,49	5,759	0,263
6. Turnover period of accounts receivable, in days (1c * 360 / 2s)	65,5	62,5	-3
7. Accounts receivable as part of current assets, as a percentage (1c / 3s * 100)	21,8	24,1	+2,3
8. Share of overdue accounts receivable, as a percentage (4c / 1c * 100)	1,01	0,36	-0,6

In the current period, the share of accounts receivable in the total composition of current assets increased by 2.3% compared to the same period last year and this was mainly due to an increase in the amount of accounts receivable. The share of overdue accounts receivable in total accounts receivable for the same period last year was 1.01% and at the last reporting date - 0.36%.

Based on the above calculations, we can also determine the degree of influence of factors that affect the turnover of receivables.

Table 6.4.

Factor analysis of the turnover ratio of accounts receivable and changes in the turnover period

Indicators	Turnover ratio of accounts receivable	Turnover period of accounts receivable, in days

1. Last year	5,49	65,5
2. Conditional reporting year	10,757	33,4
3. Reporting year	5,759	62,5
Overall difference	0,263	-3
Influencing factors	*	*
1.Change in the amount of net sales proceeds	5,261	-32,1
2. Change in the amount of accounts receivable	-4,998	29,1

The influence of factors on the value of the turnover coefficient of receivables and on the turnover period is characterized as follows. The turnover ratio of accounts receivable increased by + 0.263 compared to the previous year. At the same time, due to changes in net sales revenue, the coefficient increased by + 5,261 units (10,757-5,496), due to changes in the volume of accounts receivable, it decreased by -4,998 units (5,759-10,757). Under the influence of both factors, the turnover coefficient changed by +0.263 units (5,261-4,998). The impact of these factors on the turnover period was as follows: a change due to a change in net sales receipts by -32.1 days (a decrease), due to an increase in accounts receivable by +29.1 days (an increase).

Calculation of the coefficient of conditional turnover of receivables and the turnover period. The coefficient of conditional turnover of accounts receivable is determined in accordance with the following formula:

Cd = ---------

Dz

The conditional period of turnover of receivables is determined by the following formula:

Dz x 360

Pd = --------

Chv

In these formulas:

Pm - net sales revenue (actually in the reporting year).

Dz-accounts receivable in the same period last year.

The main ways to improve the state of accounts receivable are:

- timely conclusion and execution of contracts for the supply of products and for the purchase of necessary resources;

- timely and correct execution of settlement and payment documents;

- study of the financial situation of suppliers and buyers;

- increase in the volume and quality of products;

- improving the work of the company's marketing service;

- timely payments with suppliers and buyers;

- timely analysis of the financial condition of enterprises and taking measures to maintain the solvency of the enterprise within reasonable limits.

In order to prevent violations of the terms of repayment of receivables and payables, it is advisable to take the following measures:

- strengthening of mutual responsibility of the parties in contractual relations and strict compliance with the terms of contracts;

- take legal liability measures for any amounts of late payments;

- the use of modern forms of calculations;

- development of a mechanism for the formation of reserves for doubtful debts and others.

The most common ways to influence debtors are sending letters, phone calls, personal visits and selling receivables to other organizations.

The sale of receivables to other organizations is called factoring operations.

Factoring is a contract for the purpose of reducing the risk of borrowing by the entity transferring the debtor's debt to the intermediary of the factor. It is also used to speed up the receipt of payments. In business practice, the use of factoring is often associated with the occurrence of problems with receivables, when the

supplier is not sure of the timely recovery of the appropriate amount or the formation of doubtful debts.

When factoring, an intermediary company (usually a bank) gets the right to collect the amount of debt from the borrower and at the same time charges an agreed fee from the lender for its services. When entering into a factoring agreement, an enterprise usually receives a significant part of the debt immediately from a bank or other factoring entity. After that, the factoring company proceeds to collect the debt, including by filing a claim.. The

advantage of factoring is that it allows, at least partially, to solve the problems of non-payments.

The general scheme of control and analysis of accounts receivable usually includes the following stages:

Stage 1. The critical levels of certain types of receivables are determined. For each debt exceeding this amount, the relevant settlement documents are fully checked.

Stage 2. From the rest of the accounting documentation, a set for control will be selected and various selection methods can be used.

Stage 3. In the settlement documents selected for verification, they are checked for the actual amount of accounts receivable. In particular, borrowers may be asked to confirm this amount .

Stage 4. The significance of the identified errors is evaluated.

Questions for monitoring and discussion

1. What is the working capital management policy?
2. List the types of current assets.
3. Describe the main stages of managing the current assets of the enterprise.
4. Specify the need and importance of inventory management.
5. What is the efficiency of using working capital?
6. Explain the main ways to improve the state of accounts receivable.

Chapter 7.

Financial planning and budgeting at enterprises

7.1. Financial development strategy as the basis of financial planning

A financial strategy is a general action plan for providing an enterprise with cash. In the conditions of market relations, it covers the issues of ensuring the financial stability of the enterprise. The theory of financial strategy develops financial methods and forms of management in accordance with the objective laws of the market economy, justifies the strategy of conducting and preparing financial transactions.

The financial strategy of the company includes:

* analysis of the financial situation;
* optimization of fixed and working capital,
* rationalization of profit distribution,
* optimization of non-cash payments,
* tax policy;
* pricing policy;
* optimization of the securities policy.

Based on the above, the financial strategy of the enterprise is developed by the following components

* income and receipts of funds;

* expenses and deductions;

* calculations with the budget;

* credit and relations with the bank.

The financial strategy should comprehensively take into account the financial capabilities of the enterprise, the objective nature of internal and external factors. If the financial strategy of the enterprise does not correspond to the current market conditions and the financial and economic potential of the enterprise, this will have negative consequences.

Depending on the main strategic goal and individual strategic goals, it is necessary to distinguish between the main and operational financial strategies.

The main financial strategy is a financial strategy that determines the activity of the enterprise for the year, which determines its relationship with budgets at all levels, the formation and use of income, sources of financing, attraction and use of financial resources.

In the current period, financial strategies will be developed for a quarter, a month, or even for a shorter period, if necessary, in order to adapt to existing financial resources, mobilize internal resources and control the use of funds, and sometimes, in conditions of economic insolvency.

The operational financial strategy differs from the main financial strategy in that it covers in detail all income received in the current period (settlements with customers, net revenue, proceeds from credit operations) and all expenses (payments to suppliers, salaries, repayment of debts to budgets of all levels and payments on bank loans). A thorough study of the composition of such income and expenses will allow you to determine in advance the turnover of cash receipts and cash expenditures for the planned period. It is considered acceptable if the monetary income is equal to the monetary expenses or more than the latter.

The main strategic goal of financial management is to provide the company with the necessary and sufficient monetary resources. Therefore, a financial strategy will be developed that meets the requirements of market relations and the capabilities of the enterprise, on the basis of which the financial management itself

will be organized, the directions of financial work will be determined and the functions will be distributed among the performers.

The company's financial strategy includes the following methods and actions to achieve the main strategic goal:

- formation of financial resources and centralized strategic management of them;

- identification of urgent and main financial problems and the use of the company's resources by the financial management to solve them;

- dividing goals into stages and setting goals for each stage;

- compliance of financial actions with material resources and economic conditions of the enterprise;

- objective accounting of the real financial situation and financial and economic conditions of the enterprise during each period;

- preparation and formation of strategic reserves;

- take into account the economic and financial potential of its competitors;

- identification of the main threats faced by the company and the mobilization of the main forces to eliminate them, as well as the choice of directions for financial operations;

- the desire to win over competitors.

The strategy for achieving certain goals will be aimed at organizing financial operations that ensure the achievement of the main strategic goals.

The objectives of the financial strategy are:

- to study the regularities of the formation and nature of finance in the market conditions of management;

- development of conditions for the management of financial transactions and possible options for the formation of financial resources of the enterprise in possible situations of insolvency and financial crisis;

- determining financial relations with suppliers and buyers, with budgets of all levels, with banks and other financial institutions, determining the reserves of

the enterprise and attracting resources for the rational use of production capacities, fixed assets and working capital;

- providing the necessary financial resources for the production and economic activities of the enterprise;

- ensuring the effective mobilization of temporarily available funds of the enterprise for maximum profit;

- identification of ways to implement the financial strategy and strategic use of financial opportunities;

- study of competitors ' financial strategies, their economic and financial capabilities, as well as the development and implementation of measures to ensure financial stability;

- develop ways to prepare a way out of difficulties in financial crisis situations or insolvency.

When developing and implementing a financial strategy, the main attention is paid to maximizing the company's cash income, attracting internal resources, minimizing the cost of production, correctly distributing and using profits and determining the need for working capital.

An important part of the financial strategy is the development of internal regulations. For example, standards for determining the directions of profit distribution. Such internal standards are currently used in the practice of foreign companies.

The financial strategy will take into account possible inflationary fluctuations, non-payment risks and other force majeure circumstances. The planned measures should be coordinated with the production functions and, if the above circumstances occur, adjusted as necessary.

Monitoring the implementation of the financial strategy allows you to check the income stream and ensure its economical and rational use. Proper financial control helps to expand internal reserves by increasing cash flow, increasing the profitability of the enterprise.

A characteristic feature and criterion of strategic financial management is to ensure the continuity of accumulation processes.

The key element of strategic financial management is its changeability and adaptability. When implementing strategic development, firms do not finance activities that are inefficient and do not bring profit.

Effective development through strategic financial management can be achieved in two main directions: internal and external. The internal path depends on the company's own experience and capabilities. The external method consists in introducing the experience and achievements of other successful enterprises into this enterprise.

Financial management takes a differentiated approach to the consideration of financial investments, the financing process and high profitability. In the process of capital movement, it is necessary to strive to ensure the financial stability of the enterprise, increase its solvency and prevent bankruptcy. The goal of the financial management strategy is to obtain a constant profit for many years. 7.2. Financial planning is an integral part of financial management. The essence, principles and objectives of financial planning

In the conditions of market relations, various business entities are formed. Planning plays a key role in the activities of such entities and in their financial management. In all forms of production and sectors of the economy, consistent and stable planning contributes to the normal functioning of the economic entity, the rational use of financial resources.

Planning is one of the components of management, which includes the development and implementation of plans that determine the future state of an economic entity, ways, methods and means to achieve it.

Financial planning is a justification for the future period of the movement of financial resources and the movement of the corresponding financial relations.

In some cases, individual transactions or groups of them are important objects in the financial activity of an entrepreneurial entity. At the same time, for the formation and use of various funds of funds, not only the movement of

resources, but also the financial relations mediating them, as well as the emerging proportions of prices, are taken into account.

The main task of financial planning is to determine the needs of each economic and financial operation in cash, the volume and composition of costs. With the help of financial planning, it is possible to predict income, their rational distribution, taking into account the expected final results.

Financial planning is considered the main and organic part of the planning of production and all economic activities of the enterprise.

Financial planning is carried out as follows. The company's growth prospects are analyzed, the principles that can change the existing development directions are outlined. After that, the analysis of the competitiveness of the enterprise is carried out, the prospects for development in various fields of activity are compared and priority directions for the distribution of financial resources are determined.

The principles reflecting the methodology of financial planning in modern conditions are characterized by the following:

- the principle of objective necessity - the use of financial planning at all levels of management as the initial stage of financial management. This means that the planning process is necessary as a means and method for determining financial opportunities, forming rational cost proportions, forecasting the flow of monetary resources to fulfill the tasks set;

- the principle of efficiency reflects the qualitative nature of this process and its focus on obtaining positive results in individual operations of each entity and on achieving the corresponding economic or social effect;

-the principle of harmony and unity of purpose implies the coordination of production and financial tasks, plans for the movement of material and monetary resources at various levels of management;

- the scientific principle pays special attention to the main aspects of planning, to the reality and effectiveness of the tasks being set, to the availability

of resources to meet the social needs associated with the performance of these tasks, ensures coordination of the time of their execution.

Planning tasks can be evaluated depending on the type and size of the enterprise.

The management of any enterprise, regardless of its size, should know what tasks are ahead in the field of economic activity and the possibilities of planning them. When planning in certain areas, it is necessary to proceed from the availability or possibilities of attracting appropriate economic resources. For example, this applies to the definition of capital growth and investment.

In planning the activities of business entities, it is necessary to pay attention to the following main planning tasks:

- ensuring the necessary financing of the reproduction process, goals, sources of financing, for their formation and use;

- guarantee of fulfillment of the obligations of an economic entity to the budget and extra-budgetary funds, banks and other creditors;

- financial support for the continuity and rhythm of the movement of inventory;

- control over the financial situation of the enterprise, its solvency and creditworthiness.

Financial planning is aimed at the cost side of reproduction, its main goal is to justify the financial possibilities and implementation and expected efficiency. Financial planning consists in accurately determining future costs and revenues, the amount of necessary funds, and in a realistic calculation of future financial results.

Financial forecasting, as an important element of planning, is the basis for budgeting and assessing future financial needs.

Financing is carried out at the expense of internal and external sources. Internal financing is carried out based on the results of the flow of monetary resources to the extent and in accordance with the daily normal production activities of the business entity, and external financing is provided by the receipt of

capital (financial resources) from business partners, as well as from investors and bank lending funds.

Entrepreneurs can anticipate the necessary amounts of internal financing in advance, based on the scale of future commercial operations, and assess the needs for internal financing. This should be taken into account when drawing up a profit distribution plan.

7.2. Main indicators and methods of financial planning

According to the terms and indicators, financial planning is divided into three types - short-term, medium-term and long-term.

Long-term planning. Long-term planning is the starting point for medium- and short-term planning and is widely used in world practice. A long-term plan usually covers three-and five-year periods. It is more descriptive in comparison with medium-term plans and determines the overall strategy of the enterprise, since it is very difficult to accurately predict all calculations for such a long period. The long-term plan is developed by the management of the enterprise, which defines the main strategic goals of the enterprise for the future.

The main directions of long-term planning are:

- organizational structure;
- production facilities;
- capital investments;
- financial resource requirements;
- research and development;
- market share and so on.

The organizational structure of the enterprise should provide:

- optimal transparency, that is, its simplicity, accuracy and clarity;
- the minimum number of intermediate links, possibly the compact size of the administrative and information system;

- creating conditions for the training of future managers.

The expenditure of funds, in particular, the mobilization of capital for production, investment is carried out by raising funds through the credit system and by issuing and placing securities.

Financial resources at any given moment are formed to a decisive extent at the expense of revenue from the sale of products. It is the irrational management of cash receipts from sales that causes financial and economic difficulties, and the absence or lack of cash leads to insolvency even faster than the lack of profit. This means that there is always a need to determine in advance how much capital should exist in the form of cash, how much of it should be used to create inventory and how much should be converted into cash at the minimum.

Special reserves and funds financed from both profit and costs should serve as a stabilizing factor. Practice shows that enterprises need to accumulate funds. This is important for future needs, such as paying taxes, replacing used equipment, paying off debts, and other monetary payments.

A short-term financial plan is of particular importance for the company. Such a plan allows you to analyze and control assets taking into account the tasks of all other plans, and the reserves included in it provide information about the required types of assets.

Short-term planning can be semi-annual, monthly, etc. An annual short-term plan includes production volume planning, profit planning, and so on. This plan closely connects various partners and suppliers, so some parts of such plans may be common for the manufacturer and its partner, which also depends on the degree of organization of consistency between them.

Short-term financial planning includes:

- the next financial plan, current expenses (raw materials, wages), profit or loss from the main activity;

- the financial plan of the company's activities in other areas: income (for example, the sale of old equipment), costs, profits and losses;

- credit plan;

- a plan for financial support of assets, which includes the consequences of profits and losses of earlier plans, and also depends on the composition of existing assets.

The correct use of the above types of planning and indicators can be very effective. In a market economy, every business entity should apply both long-term and medium-term planning, as well as short-term planning. Thus, almost always long-term planning cannot be successfully implemented without its concretization in short-term plans. It is in the short - and medium-term plans that more specific goals are set, the timing of their achievement, types of goods, etc. are specified, or real production planning takes place.

In the process of entrepreneurial activity, there is a need to determine the prospects for future financial revenues and their use. Financial resources and, above all, profit are the objects of financial planning. The distribution of profit is reflected in the financial plan and estimates of the creation and expenditure of funds of cash. Finance of economic entities includes the analysis and control of the dynamics of the distribution and use of profit by economic entities, taking into account the influence of various internal and external factors.

The importance of financial planning at the micro level in market conditions is increasing. Since each step of an entity is a risk, its profit or loss should be calculated and justified in various ways and in different directions.

The main purpose of planning is to develop measures to achieve the goals and objectives of entrepreneurial activity, and for this:

1. Plans should be understandable for internal and external users.

2. The appropriate system, forms and methods of planning should be applied. Planning methods: balance method, calculation-constructive method, program-target method, economic-mathematical method, normative-resource method and others.

3. Short-term (current, operational), medium-term and long-term (long-term) plans. Forecasting and methods of its design.

4. The system of planning internal economic activity. The structure of work programs and operational plans, the procedure for their preparation: production tasks, production resource standards, production cost limits, calculated prices for goods and services (services), labor and salary assessment, and other tasks.

5. Content and structure of annual plans.

6. Financial plan. Principles of financial planning.

7. Forecasting of the financial activity of the enterprise, current planning and operational planning of financial activities.

8. Stages of formation of the financial strategy of the enterprise. The system of current financial plans: the plan of income and expenses for operating activities, the plan of income and expenses for investment activities, the plan of receipt and disposal of funds, the planned balance.

9. Types of budget and their features. Formation of the current budget and the capital budget.

10. The content of business plans aimed at attracting investments and loans, and the main requirements for them.

11. Work on the business plan, the formation of its structure and sections: the title page, the table of contents of the business plan, a brief description of the business being implemented, general information about the enterprise.

12. Development of the financial parts of the business plan and determination of the directions and ways of their implementation.

13. Management of the implementation of investment projects. Investment activities related to the commissioning of facilities and construction.

7.3. Financial planning and forecasting systems and their application

Financial planning is the basis for managing the financial activities of an enterprise. Financial planning is the process of developing planned indicators of financial development, determining measures to provide the necessary financial resources to all parties of economic activity of the current period and in the future.

Financial planning at the enterprise (intra-company planning) is carried out in three main directions:

- forecasting of financial activity;
- current planning of financial activities;
- operational planning of financial activities.

Each financial planning system has its own covered period and forms of using the planning results.

Table 7.1.

The financial planning system and its use of its results in the enterprise

Profit development system	**Forms of implementation of financial planning results**	**Planning period**
1. Forecasting of financial activity	Development of a general financial strategy and financial policy in the main areas of financial activity	Up to 3 years
2. Current financial planning	Development of current financial plans for certain aspects of financial activities	1 year
3. Operational planning of financial activities	Development of payment calendars, execution of budgets and tasks of other forms of operational plans	Quarter, month, decade

All components of the financial planning system are interconnected and are used in a certain sequence.

At the initial stage of planning, the main directions of forecasting, target parameters of financial activity are determined, a strategy for the overall financial activity of the enterprise is developed. On this basis, the parameters of the current plans are calculated. In turn, for their execution, operational budgets are developed for certain aspects of the company's activities aimed at performing specific tasks.

Financial planning should be based on a clear financial direction (idea or concept).

The financial concept of the enterprise expresses the basic organizational principles of financial activity and depends on the mentality of the "mission" of the founders and managers.

Based on the financial concept, financial activity forecasting is carried out and the company's financial strategy is developed.

The company's financial strategy embodies a system of long-term goals, defines a financial idea and ways to achieve effective results.

2. The system of current financial activity planning functions on the basis of the developed strategy and financial policy on specific aspects of financial activity. The task of the current plan system is to develop specific forms of the current financial plan, determine all sources of financing, form the composition of income and expenses, ensure permanent solvency, determine the results of the planned period, assets and capital structure in advance.

The current financial activity plan is developed in the context of the quarters of the financial year.

The development of the current financial plan of the enterprise includes

- determination of target strategic norms for the upcoming period on the financial strategy and the main areas of financial activity;

- development of financial policy on the main aspects of the financial activity of the enterprise;

- planned volumes of production and sales of products and other economic indicators of the operating activity of the enterprise;

- development of a system of norms for the costs of individual resources;

- tax payment system;

- depreciation system for fixed assets;

- average financial market interest rates on loans and deposits;

- financial analysis of the results for the past period.

The main forms of the current financial plan developed at the enterprise are:

The company's operating income and expense plan is one of the main components of the overall current financial plan and is developed at an early planning stage in order to determine the possibility of obtaining a net profit from operating activities.

In the process of developing this plan, it is necessary to proceed from the mutual certainty of various indicators of the plan – profit from the sale of products (gross and net), income, expenses, tax payments, net and balance sheet profit of the enterprise.

The plan of income and expenses from investment activities reflects the financial aspects of ensuring activities in this direction. It reflects the needs for financial resources of investment programs, as well as possible receipts of financial resources for these purposes (income from property write-off, profit from investments, and others).

This plan specifies all the costs of implementing real investments in the current year, as well as the growth in the volume of long-term financial investments.

The plan of cash receipts and their expenditure is aimed at forecasting the cash flows of the planned period.

The immediate purpose of the development of this plan is to continuously ensure solvency at all stages of the planning period.

In terms of cash receipts and their expenditure, the indicators of the cash balance at the beginning of the period, cash receipts and their expenditure during the period and the cash balance and at the end of the year are interrelated.

The planned balance sheet is the projected composition of the company's assets and liabilities at the end of the period.

The need to develop a planned balance sheet is due to the need to balance the change or growth of assets with corresponding changes in the composition and volume of funding sources, because all this significantly affects the financial stability of the enterprise. Thus, an optimal capital structure is formed.

7.4. Formation of the enterprise budget and development of the budget plan

The system of operational planning of financial activities consists in the complex development of short-term planned tasks in the main areas of financial and economic activity. The main form of such financial and planning tasks is the enterprise budget.

The budget refers to a financial plan in the short term, the receipt and expenditure of financial resources for a period of up to one year (usually within a quarter or month), in the process of implementing specific forms of economic activity.

This document is of a directive nature for all sections of the current financial plan and for all forms of responsibility centers.

The development of the planned budget is aimed at solving two main tasks:

a) determining the composition and amount of costs associated with the work of production units and divisions of the enterprise;

b) providing financial coverage of these costs by sources of financial resources.

In the process of operational financial planning, budgets are grouped according to a number of characteristic features.

According to the spheres of activity of the enterprise, the budget for operating activities, the budget for investment activities and the budget for financial activities are distinguished. In terms of content, these budgets detail the structure of the current financial plan for individual areas and in the context of quarters and months

The current budget specifies the company's revenue and expenditure plan. It consists of two sections: 1) current expenses; 2) income from current activities. The table below shows an approximate view of the current budget.

Table 7 .2

Approximate form of the current budget

indicators	In just a quarter	Including by month		
		january	february	march
1	2	3	4	5
I. Current expenses 1. Material costs (for individual cost items) 2. Depreciation of fixed assets and intangible assets 3. Labor costs 4. Payroll deductions 5. Tax payments 6. Other direct expenses 7. Current overhead costs				
Total current costs				
II. Income from operating activities 1. Income from the sale of products 2. Other income from other operating activities				

Total operating income				
Всего операционные доходы				
III. Taxes included in the price of goods (VAT, excise taxes and others)				
IV . Net income (II - III)				
C . Gross operating profit (IV - I)				
VI. Taxes and fees paid from profit				
VII. Net operating profit (V - VI)				

Capital budget is a form of bringing the current capital investment plan to specific performers. It consists of two sections. The approximate form of the capital budget is given in the following table.

Table 7.3.

Approximate form of the capital budget

Indicators	**In just a quarter**	**Including by mont**		
		January	February	March
1	2	3	4	5
Capital expenditures 1. Acquisition or construction of buildings and structures 2. Purchase of machines and mechanisms 3. Purchase of equipment (except inventory and household supplies) 4. Acquisition of intangible assets 5. Other types of capital expenditures 6. Taxes and other mandatory payments on investment activities 7. Capital expenditure reserves				
Total costs				

Sources of funds receipt 1. The investor's own funds to finance capital expenditures 2. Share contributions of shareholders (shareholders) 3. Financial leasing 4. Bond issue 5. Bank loans 6. Other sources of attracting financial resource				
Total receipts of funds				
The balance of receipt and expenditure of funds				

7.5. Financial Growth Plan

The essence of financial growth is to expand the company's own sources of financing. The expansion of the financial resources of the enterprise through borrowing should not be considered as real financial growth, since the financial growth achieved in this way is temporary and when the debt is repaid, the financial resources decrease accordingly. Consequently, the financial growth of the enterprise is expressed in an increase in the total amount of the enterprise's capital. The nominal increase in capital may be associated with new investments in the company's share capital, an increase in retained earnings, the receipt of grants and subsidies, as well as an increase in the book value of the company's assets as a result of their revaluation. But in the latter case, the real amount of capital remains unchanged. Because when assets are revalued, no new wealth is created.

The most acceptable option for increasing the company's capital is to achieve profit growth.To do this, it is necessary to effectively conduct production

and trade activities. To a large extent, the expansion of capital due to new investments by owners is characteristic of joint-stock companies, especially open joint-stock companies.

Financial growth of the company from internal sources is the most desirable. Profit growth through an increase in dividends paid to shareholders increases the market price and attractiveness of the company's shares. The high price of shares on the secondary market also ensures high market prices of shares with an additional issue. In this case, the amount of funds raised by issuing shares will be greater than the nominal value of the shares and contributes to financial growth. In turn, the company's profit and profitability indicators are also related to the quality of financial management. When planning financial growth, you should keep these factors in mind.

Security questions:

1. Explain the essence and structure of annual plans.

2. Describe the principles of financial planning.

3. Describe the financial performance of the company, current and operational planning of financial activities.

4. What are the stages of forming the financial strategy of the enterprise?

5. Describe your understanding of the current system of the financial plan: the plan of operating income and expenses, the plan of investment income and expenses, the plan of cash flows and expenses, the balance sheet.

5. Explain the types and characteristics of the enterprise budget, the current budget and the capital budget.

6. How do you understand the financial growth plan?

Chapter 8.

Cash flow management at the enterprise

8.1. The essence of cash flow management

The need for cash flow management is primarily related to the following:

1) money plays an important role in the management of an enterprise, since the shortage of any resources in the economic process can be solved with the help of money, which means that money is a universal resource;

2) profit and cash do not coincide, and even a profitable commercial enterprise faces serious difficulties when it does not have cash or there is a shortage of money. The needs of economic life are met with money, not profit;

3) for planning, monitoring and evaluating the effectiveness of an enterprise, it is necessary to know which types of activities generate the bulk of cash flows and expenses.

The discrepancy between cash flow and profit at the enterprise is also related to the nature of the methods used in the preparation of financial statements. The cost of a product that has not yet been paid for when determining profit, but delivered to the buyer, is recognized as revenue. As a result, there is a profit, but there is no corresponding cash flow. Of course, it is important to have an idea about the cash flows of the enterprise, to predict and plan cash flows in all cases and, especially, when the lack of cash at the enterprise may be associated with improper expenses or inappropriate deadlines or volumes of obligations.

In order to provide an information database when performing these tasks, it is legally established that the financial statements of an enterprise should also include a cash flow statement. In the Republic of Uzbekistan, the content and structure of the company's cash flow statement are specified in the National Accounting Standard No. 7.

The statement of cash flows by reflecting the received and spent cash from operating, investing and financing activities explains the changes in cash resources. The presentation of cash flow data in the financial statements helps to clarify:

- the ability of the enterprise to generate cash and cash equivalents and the need for cash flows to be used in the appropriate directions;

- changes in the company's net assets, its financial capabilities (including its liquidity and solvency) and its ability to influence the volume of cash and cash flows in a timely manner in order to adapt to changing circumstances and opportunities;

- comparison of the operating activities of different enterprises.

The cash flow statement covers the following activities:

Operating activity is the main activity of a legal entity for generating income. It also covers other types of activities that are not included in investment and financial activities.

Cash flow from operating activities is a key indicator of an organization's ability to accumulate sufficient cash to repay loans, maintain production levels, pay dividends and make new capital investments without attracting external financing.

Investment activity is the purchase and sale of long-term assets and other investments that are not cash equivalents, the issuance and repayment of repayable loans.

Financial activity - as a result of this activity, changes occur in the size and structure of the company's equity and debt.

Non-cash transactions related to investment and financial activities. Non-monetary transactions related to investment and financial activities include the purchase of fixed assets at the expense of long-term loans, the conversion of bonds into ordinary shares into bonds, and others. It is possible that they could not be reflected in the statement of cash flows, since they do not affect the company's cash flows in the current period. However, since one of the purposes of the statement of cash flows is to reflect investments and financial results, and since such transactions have a future impact on the company's cash flows, these

transactions should be included in the statement of cash flows. To do this, the report has a special section "Investments and a list of non-cash transactions of a financial nature".

Cash flows from operating activities include:

Table 8.1.

Main directions of cash flow

Receipt of funds	Cash outflow
Sale of goods, goods and services	Payments to suppliers of goods and services
Royalty income (payments from the use of patents, copyrights and others), various remuneration, interest income, commission and other income	Cash payments to employees, operating expenses
Inventory reduction	Increase in stocks
Receipt of money under trade and intermediary agreements	Interest paid
Increase in current liabilities, including income tax, not included in investment and financial activities	Reduction of current liabilities, including income tax, not included in investment and financial activities
Non-monetary expenses: a) depreciation of fixed assets and intangible assets, depletion of natural resources b) depreciation of discounts on debt securities	Non-cash transactions: a) depreciation of margins on debt securities

Table 8.2.

Cash flows arising from investing activities

Receipt of funds	Cash outflow
Proceeds from the sale of land, buildings, equipment, intangible and other long-term assets	Payments for the purchase of land, buildings, equipment, intangible assets (e.g. patents) and other long-term assets. Payments related to the capitalization of development work and payments for the creation of land, building, equipment, without the involvement of contractors
Proceeds from disposal or sale of shares or debt obligations of other organizations (excluding payments to cash equivalents or liabilities held for sale)	Investments in shares or debt obligations of other companies. Contributions for equity participation (excluding payments on cash equivalents and financial instruments held for sale)
Proceeds from repayment of advance payments and repayment of debts to other enterprises (other than interest income related to operating activities)	Advances and loans to other businesses

Table 8.3.

Cash flows from financing activities

Receipt of funds	Cash outflow
Cash proceeds from the issue of shares	Repayment of own shares
Proceeds from the occurrence of debt obligations (promissory notes, promissory notes and other short-term and long-term	Repayment of debt (excluding interest payments related to operating activities)

debt obligations)	
	Payment of dividends to shareholders and other capital allocation. Payments related to finance lease obligations

The cash flow statement should cover transactions related to cash flows. For this purpose, a direct and indirect method of calculating cash flows and expenses can be used.

The direct method assumes that each item of cash flow is reflected when describing cash receipts and payments. Therefore, this can also be considered as information that may be required when determining future cash flows.

When using the correct method, data can be obtained from the following sources:

1. From the accounting registers.

2. From the articles of the report on financial results, income from the sale of products, the cost of products sold and others by appropriate adjustments.

3. Changes in TMZ, receivables and payables for the reporting period.

4. Non-monetary articles.

5. Other items related to investment and financial activities (interest on loans issued or received, etc.), the impact of which on cash flows is significant.

8.2. Cash flow forecasting

The essence of cash flow forecasting is to quantify the sources of expected cash inflow and cash outflow in various directions. When forecasting cash flow, the choice of indicators depends on the specifics of the enterprise. They can be applied to both aggregated indicators and more detailed ones. In most cases, it is difficult to predict the indicators with great accuracy. Therefore, when forecasting

cash flows, it is usually used to calculate the main elements of the flow for the planned period, namely sales volume, cash sales, accounts receivable, accounts payable, and others. The forecast is made for a certain period, with its breakdown into small periods. The annual forecast is divided into quarters or months, and quarterly forecasts are divided into months.

In this case, the following are performed:

1. Forecasting cash receipts for small periods.
2. Forecasting the outflow of funds for small periods.
3. Determination of net cash flow for small periods.
4. Determining the overall need for short-term financing for small periods.

At the first stage, the expected cash receipts are calculated. In accordance with the requirements of national accounting standards, revenue from the sale of products is recorded in the accounting registers at the time of shipment of goods to customers. In turn, the goods can be sold for cash and on credit. In most businesses, it takes some time to pay for the sale of goods. Therefore, it is important to determine how much money will be received for the products sold during the planned period and how much later.

In order to more accurately predict the expected cash flow during the planning period, it is necessary to group accounts receivable by maturity. The legislation of the Republic of Uzbekistan sets the repayment periods of receivables up to 90 days. Accordingly, the repayment periods of the debt are analyzed with a division into groups-up to 30 days, from 31 to 60 days, from 61 to 90 days, etc. It is preferable to conduct an analysis on a monthly basis and determine the monthly accounts receivable. If there are sources of cash receipts other than the sale of products, they should also be taken into account in each period.

At the second stage, the amount of cash outflow is calculated. There are three main directions of cash outflow in the current economic activity of the enterprise: payments to the state budget, wages to employees and payments to suppliers. Most of the tax payments to the state budget must be paid before the end of the current period. The payment of wages must be made at the end of the period

or immediately after its end. Late payment of taxes and fees accrued in accordance with the current legislation can lead to serious administrative and financial consequences. Payment to suppliers can be made in accordance with the terms of contracts with some extension of the terms. In this case, accounts payable become a source of short-term financing of the enterprise. It should be noted that in developed market economies, although goods are mainly sold on credit, discounts are widely used to encourage faster repayment of receivables. In this case, delaying the repayment of the debt for the debtor will not be economically feasible. The outflow of funds is also associated with the payment of interest and dividends, the payment of long-term and short-term leases, capital investments and many others.

At the third stage, the results of the two previous stages are summed up and the net cash flow is calculated.

The fourth stage determines the overall need for short-term financing. It defines the sources of additional resources needed to cover the cash deficit for each sub-period (for example, short-term bank loans). At the same time, when determining the amount of funds, it is necessary to take into account that there must be a certain minimum amount of funds on the company's bank account. This minimum is not planned in advance, but it is intended to meet the critical needs of the enterprise or to ensure its use in the event of a sudden opportunity for profitable investments.

8.3. Determination of the optimal level of funds

Determining the optimal balance of total funds in the bank and the cash register is one of the important tasks of financial management. Of course, the temporary free cash of the enterprise can be directed to short-term financial assets. However, in terms of absolute liquidity, cash outperforms all other current assets. Converting any working asset into money requires a certain amount of time and costs for conversion.

For timely payment of supplier bills, the company must have a certain level of absolute liquidity. Ensuring absolute liquidity requires certain costs. These costs are difficult to calculate accurately. Therefore, as a quantitative measure of the costs of maintaining absolute liquidity, we can take the amount of income that can be obtained by investing a certain amount of money in government securities (government bonds) (based on the theory of alternative costs). This is because government securities have the least risk. In the financial sense, the average account balance is the funds that the company keeps without using it, and the company does not receive any income from this. The company's liquidity costs also increase as the funds stored in the bank and in the cash register increase. If the share of cash in the assets of the enterprise is small, it is advantageous to keep extra money, but if the cash balance is large and it is further increased, this will deprive the enterprise of possible income.

In a market economy, an enterprise should pursue a reasonable monetary policy. On the one hand, a certain level of free cash resources must be maintained, which is necessary for timely satisfaction of the needs of financial and economic activities. On the other hand, these funds are supplemented by the amount placed on liquid securities. If necessary, the securities will be immediately converted into cash. If the cash balance exceeds the established level, the surplus will be allocated to liquid securities.

Thus, the rules of production inventory management can be applied to money in general terms. When managing funds, it is necessary to solve the following issues:

a) the total amount of cash and cash equivalents;

b) how much cash and its equivalents should be kept in bank accounts and what part should be placed in quick-selling securities;

c) what amounts of money and quick-selling assets should be converted into each other at what time.

In the work of the Russian economist V. V. Kovalev in the section "Introduction to financial management" (Moscow, "Finance and Statistics", 2000,

pp. 544-550), the models used to determine the optimal balance of funds in the economic practice of Western countries are characterized.

The model of V. Baumol (1952). The enterprise starts with the maximum level of funds and it is considered that it regularly consumes them during the period. All income from the sale of goods and services is directed to short-term securities. When the funds are reduced to a minimum that is still safe for the enterprise, the securities are sold, and the amount of funds rises to the initial volume. The amount of replenishment of the amount of funds(Q) is calculated using the following formula: $Q = \sqrt{\frac{2 \times v \times c}{r}}$ where-v is the projected amount of cash needs for the period (year, quarter and month), c is the one - time costs of converting funds into securities, r is the interest income that can be obtained from short-term financial investments (for example, government securities).

In this formula, the average amount of cash reserves is equal to half of Q(or Q :2). The number of transactions for the conversion of securities into money is defined as the ratio of the total need for cash to the average cash reserves:

The costs of implementing such a policy are determined as follows: The

first term (ScC) in the formula expresses direct costs, and the second term () represents the benefit lost due to the fact that funds are kept without movement, not invested in securities.

When a financial manager works according to this model, the recommendations for managing the target cash balance are as follows:

a) if the one-time costs of converting cash and liquid securities into each other are high, the target balance should be relatively high;

b) if the costs of storing cash (non-received interest income on risk-free financial assets) are high, it is desirable to maintain a relatively low level of the target balance.

The model of M. Miller and D. Orr (1966). The Bernoulli process was used for modeling, i.e. the receipts and outflows of funds were considered as unrelated random events. According to the model, the company's cash flows fluctuate

irregularly until they reach a high level. As soon as the cash reserve reaches this level, the company will start buying liquid securities in order to return it to the specified level (the return point). If cash reserves change in the direction of their decrease, this is allowed to the extent that the reserve reaches the established minimum level. When the balances have decreased to the minimum level, the accumulated securities are sold in order to reach the normal level of cash reserves.

With this approach, the financial manager must determine the maximum, normal and minimum cash reserves, depending on the nature of the company's activities and business needs. When determining the difference between the upper and lower limits (the scope of variation), the following rule should be applied: if the daily fluctuations in cash flow or fixed costs associated with the purchase and sale of securities are high, then it is necessary to increase the scope of variation and, conversely, it is recommended to reduce the scope of variation with an increase in interest rates.

The development of management solutions based on the model includes the following stages:

1. The minimum amount of funds (C) that must be stored in the company's bank account is established (payment of invoices to the company, satisfaction of the bank's and creditors ' claims and other needs are determined by expert means).

2.According to statistical data, fluctuations in the daily flow of funds to the company's accounts (Var) are determined.

3. The costs of storing funds in bank accounts (Z) are assumed to be equal to the daily rate of return on short-term securities and the costs of converting funds and securities into each other (Z) are determined, their value is assumed to be constant.

4. The following formula is used to calculate the range of variation (R)of the cash balance on the bank account: $R = 3 \times \sqrt[3]{\frac{3 \times Z_t \times V_{ar}}{4 \times Z_s}}$ 5. The maximum limit of funds in the bank account is determined(C). When funds exceed this limit, some of them should be converted into short-term securities:

C = Cm+R.

6. The return point (C) is determined. When the balance of funds is outside the interval (Cm, C), this is the amount of money that should be on the account after returning to the interval:

C = Cm + .

Security questions:

1. Explain the need for cash flow management.

2. Explain the cash flow statement.

3. Describe the content of cash flow planning.

4. How is the optimization of funds carried out?

Chapter 9 .

Capital management and the process of financial support

9. 1. Providing the company's activities with financial resources

The competitiveness of the enterprise is achieved by effective management of its financial resources. The mechanism of organization and management of financial resources requires an understanding of their essence, the use in practice of methods of managing financial opportunities, including the formation of sources of financing, forecasting and planning, as well as financial analysis.

Financial resources of an enterprise as an economic category reflects economic relations regarding the formation, distribution and use of monetary funds and other financial resources to ensure conditions for expanded reproduction, the implementation of its tasks and goals. The formation and rational use of financial resources is carried out through financial relations.

The financial activity of the enterprise is expressed in the organization and use of monetary funds. These funds will be used for the economic activity of the enterprise, expansion of production, financing of the research process, economic incentives, introduction of new technologies and technologies, settlements with the budget and the bank.

The financial resources of an enterprise are the receipts of monetary income and funds that are sources for fulfilling various financial obligations of an economic entity, financing costs and organizing economic incentives.

The organization of the company's monetary funds has the following aspects:

1. Formation of the company's own funds:

- authorized capital;
- added capital;
- reserve capital;
- accumulated profit;
- received targeted financial resources;
- others.

2. Formation of borrowed funds:

- bank loans;
- loans;
- commercial loan;
- factoring;
- leasing;
- loans, etc.

3. Raising funds that do not have a form of borrowing:

- funds allocated for the consumption fund;
- unpaid dividends;
- deferred income;
- income received during settlements and payments.

4. Operational use of monetary funds:
- salary payments;
- payment of dividends;
- payments to the budget and extra-budgetary funds;
- repayment of loans and borrowings;
- others.

5. The target direction of the financial resources of the enterprise:
- formation of working capital;
- investment activity;
- formation of foreign exchange reserves and others.

Subsequently, after the establishment of the company, it is the use of its own funds to finance production that plays a very important role in the company's activities. At the same time, in addition to covering current production costs, the company must also receive a certain amount of profit. Usually, in the first years, the company, in order to rapidly increase its production capacity and production, directs most of the profit to refinancing.

According to the "Regulation on the composition of costs for the production of products (works and services) and the definition of financial results" of February 5, 1999, approved by the resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 54, the sources of formation of financial resources (funds) at the enterprise are:

- revenue from the sale of products, works and services;
- other income from operating activities (operating income;
- income from financial activities;
- extraordinary income.

Net income from the sale of products, works and services is the basis of income from management. If industrial goods are sold, then value-added tax and excise tax are added to their value. At the same time, net revenue is calculated by deducting value-added tax and excise tax from the sale price.

In a market economy, enterprises, in order to expand the sources of financial resources, along with their main production activities, tend to carry out other types of activities. Other income from operating activities includes:

fines, penalties, unpaid debts and economic sanctions collected or recognized by debtors for violation of the terms of business contracts (for example, compensation for lost profits or compensation for moral damage);

- the profit of previous years revealed in the reporting year;
- income from renting out property for a short period (up to one year);
- income from auxiliary farms or divisions;
- income from the sale of surplus fixed assets of the enterprise and other property;
- proceeds from the write-off of accounts payable and deposited debts with the expired statute of limitations;
- income from revaluation of inventory items;
- income from state subsidies;
- gratuitous financial assistance;
- other operating income.

Currently, economic entities can take an active part in the financial and securities markets, which are an important element of the market economy, and receive certain income.

Income from financial activities includes:

- income from investing funds in the capitals of other economic entities;
- interest income from the ownership of securities;
- income from the rental of property (financial leasing);

- income from positive changes in the currency exchange rate and revaluation of foreign currency receivables and payables.

In some cases, extraordinary events (floods, rain, fire, earthquake, etc.), in order to cover the losses as a result of them, income can be received. They are called emergency revenues.

However, such financial sources of funds are not permanent objects and do not reflect the real process of creating income. Next year, only net profit and the amount of depreciation deductions remain sources for attracting funds for reproduction.

9.2. Self-sufficiency and self-financing

In the course of entrepreneurial activity, financial support is primarily based on self-sufficiency and self-financing.

Self-financing means that the entrepreneur covers financial expenses with the income of the current period and earns a certain amount of profit.

Control over self-financing is carried out by calculating the cost estimates for production and sale, based on the established standards for raw materials, materials, fuel and electricity.

In order for an enterprise to implement the self-financing requirement, management and regulation of current costs are required.

On page 203 of the book by M. Meskon and M. Albert in "Fundamentals of Management", it is noted that cost management is not a cost reduction, but measures to ensure income-generating activities. This principle includes cost management in all departments of the company.

The firm and the company will accelerate the turnover of the working capital of the enterprise by managing costs, which will lead to increased profitability.

Self-financing plays a key role in managing the cash capital of large enterprises.

In the process of self-financing, the company operates at its own expense, and in case of insufficient own funds –with the involvement of a bank loan. Budget funds and funds of higher-level organizations are not used.

The essence of self-financing of an enterprise in market conditions is financing based on the internal capabilities of the enterprise.

Self-financing is the organization of reproduction and capital accumulation by strategically managing the company's cash fund. Self-financing provides a high accumulation of capital and profitability of the enterprise.

Financing of the costs of the reproduction process is carried out in four ways:

1. Self-financing. Here, enterprises can reimburse the costs of the reproduction process at the expense of internal financial resources. In particular, the financial source can be the profit of enterprises and depreciation charges and other financial resources related to the reproduction process.

2. Lending. In this case, the business entity reimburses expenses on the basis of loans from banks and other credit organizations on the basis of urgency, payment, repayment and intended use

3. Formation of attracted funds. At the same time, the costs of the reproduction process can be financed by raising funds by issuing securities on the financial markets.

4. State financing. The expenses are covered from the state budget and other extra-budgetary funds. 9.3. Features of internal and external sources of financing of the company's activities

There are internal and external sources of financing for the company's activities. In the internal financing of the business, the enterprise relies mainly on its own capital, and its further development is supported by its profit. In this sense, internal sources include retained earnings, accrued but not yet paid wages and accounts payable related to current activities. For example, the purchase of new equipment obtained by profit is an example of internal financing. If the company uses a bank loan to purchase this equipment, this is external financing.

Financial decision-making is influenced by the peculiarities of internal and external financing. For example, in an enterprise that does not intend to expand its business dramatically, financial decisions can be made in a simpler way, and the question of how to distribute profits is relatively simple. However, in the case of accelerated development, these processes become much more complicated. First of all, the payment or non-payment of dividends in a joint-stock company will affect the company's position on the capital market. Raising funds by an additional issue of shares becomes more expensive. This may also have a negative impact on borrowing from a bank loan or other sources.

With large-scale external financing, investors want to know better the plans and capabilities of the enterprise and set certain conditions. This may impose restrictions on optimal business solutions.

If it is necessary to increase the capital, a closed joint-stock company often decides to become an open joint-stock company. This is due to the fact that the range of potential investors will be significantly expanded when it comes to raising capital by issuing shares. Attracting financial resources by issuing ordinary shares has the following advantages:

1) there are no strictly fixed financial obligations, since there are no fixed payments on ordinary shares, and interest on loans is mandatory;

2) ordinary shares do not have a certain maturity date, the company uses the resource constantly;

3) the use of shares enhances the creditworthiness of the enterprise, since in the event of liquidation of the enterprise, only the remaining funds will be distributed among shareholders after satisfying the creditors ' claims;

4) The distribution of shares is often easier than the placement of bonds.

At the same time, a number of problems arise when issuing ordinary shares:

1) not all investors are happy with the increase in the number of shareholders who have the right to vote;

2) new shareholders will also claim a share of the profit; 3) the issue and sale of shares also requires costs;

4) the need for an open joint-stock company to publish its financial statements in the open press also incurs certain costs.

New common shares can be placed in five ways:

1) to existing shareholders on a pro rata basis (in some cases, additional shares are distributed among shareholders with different privileges, which means that less financial resources are available);

2) by subscription, open to everyone;

3) by a closed subscription for a limited number of buyers;

4) employees of the enterprise for their encouragement;

5) to shareholders for the reinvestment of dividends.

In general, as a rule, external sources of financing are of a one-time nature. For external investors, when making investment decisions, the size of the profit on the invested capital is of paramount importance. However, when buying shares, the goal is not only to receive dividends. Financial assets embodied in shares are usually not affected by inflation, and in the usual case, the actual value of these funds increases with the increase in the accumulated profit of the company.

9.3. Capital structure and its optimization

Capital is one of the most frequently used economic categories in financial management and has acquired a new meaning as the country develops in market conditions. Capital is the economic basis for the creation and development of an enterprise, its functioning ensures the interests of the state, owners and employees.

Capital characterizes the sources of formation of the enterprise's property. The sources of formation of the company's property are divided into two parts by their origin: own sources and liabilities.

Own sources consist of the funds of the founders of the enterprise and the funds earned by the enterprise itself. They include the following elements: capital, and reserve capital, retained earnings.

The authorized capital is the total amount of deposits (in monetary terms) established in the constituent documents. Tangible and intangible assets made as a contribution to the authorized capital are evaluated and accounted for under the agreement of the founders or by the decision of the executive body of the legal entity. The authorized capital is the main source of the formation of the company's property. Its amount is indicated in the company's charter and for its change, it is necessary to make an appropriate amendment to the company's Charter and re-register the charter with the registering authority.

The added capital is formed at the expense of the issue income at the initial sale of shares at a price above par and the exchange rate difference when forming the authorized capital.

The reserve capital reflects the inflationary reserves arising from the revaluation of property, as well as the value of the property received free of charge. At the same time, the reserve capital is also formed in the manner and amounts established by law. The company's charter must contain the amount and procedure for forming the reserve capital.

Retained earnings-represents the accumulation of profit and can be added to the authorized capital by the decision of the owners.

Reserves are funds formed by an enterprise at the expense of internal sources for the implementation of future costs and payments and are rhythmically included in the cost of production. They include provisions for labor leave for employees, repairs of fixed assets, expenses in future periods, and others.

Target receipts - funds provided to the company for certain purposes. These include grants, subsidies, membership fees, tax benefits for targeted use, and others.

The company's liabilities are funds attracted to the company as a loan. They, in turn, are divided into two types: short-term and long-term obligations.

- the obligations for which the company is obliged to settle within 12 months from the reporting date are current obligations;

- the remaining obligations are long-term.

Current liabilities: The description is similar to the description of current assets. Certain current liabilities, such as accounts payable, wages, taxes and other operating expenses, must be repaid from current assets. They arise from items that form working capital in the normal operating cycle of the enterprise. Current liabilities also include bank overdrafts, dividends payable, income tax, other non-trade payables, short-term liabilities requiring interest payments. When optimizing the capital structure, it is necessary:

1. Taking into account the needs of the further development of the enterprise's activities (the formation of the volume and structure of capital, its compliance with the task of ensuring economic activity is necessary not only at the initial stage of the enterprise's development, but also for future development).

2. Ensuring that the volume of existing assets corresponds to the sources of capital (the total capital requirement for an enterprise is based on its need for current and non-current assets).

When determining the general capital requirements for a newly created enterprise, two main methods are usually used:

- The direct accounting method is the determination of the total capital requirements for newly created enterprises by the necessary amounts of certain assets required at the beginning of their activities. This method is based on the following algorithm: The total amount of assets is equal to the total amount of attracted (placed) capital. Asset = capital. At the same time, the need for assets is calculated in 3 variants (the minimum necessary assets, the necessary assets, the amount of the maximum necessary assets, i.e. the formation of sufficient insurance reserves for assets).

- Indirect calculation method. The general capital requirements are specified using various indicators. "Capital intensity of the product" means the amount of capital (equity and attracted capital) that accounts for a unit of the product produced. This is determined by the following formula:

OK = Ke x Pp + Nz,

OK - the need for total capital to create a new enterprise.

Ke is an indicator of the capital intensity of a product (industry and similar products).

Pp– planned production volume.

Nz - initial costs.

3. Optimization of the overall capital structure through its effective movement. The general capital structure is a comparison of the use of own and borrowed funds by an enterprise in the course of economic activity. In the company, the capital structure used is determined by a number of factors and expresses not only financial, but also operational and investment activities. It affects the return on assets and the performance of equity. In addition, it also determines the coefficients of financial stability and solvency, the level of profitability (economic and financial), ultimately, the profitability of the enterprise and the risks in further development.

9.4. Features of the formation of the current financial resources of the enterprise

The current financial resources of the enterprise are in cash or in the form of financial instruments that can replace the current cash payments of the enterprise. The current activity of the enterprise is supported by the movement of these resources. From this point of view, financial management uses the following methods for effective cash flow:

1. Methods of money transfer.

2. Ways to change the placement of capital for cash growth.

3. Speculative operations.

4. Methods aimed at maintaining a high return on capital.

Methods of money transfer are methods of payments for purchased goods (services). They are expressed as monetary relations when buying and selling

goods and services (prepayment, providing discounts, stimulating faster payments when selling on credit).

A change in the allocation of capital for the purpose of increasing cash is a change in the direction of funds for the formation of various elements of fixed and working capital that ensure an increase in cash receipts. This applies to both short-term and long-term investments.

A speculative operation is a short-term agreement. In the simplest case, it is characterized by a percentage difference in lending the amount received on credit.

Methods aimed at maintaining a high return on capital are used when it is necessary to mobilize additional internal and external sources for the further development of the company.

Methods and directions of financial security management of the enterprise are described in Table 9.1.

Table 9.1.

Directions and methods of financial security management at the enterprise

Management objectives	**Management strategies (ways and directions of using funds)**	**Management tactics (management methods)**
Management	**capital**	**attachments**
1. Reducing the payback period of capital investments	1.1. Choosing the optimal investment option	1.1.1. Forecasting and planning 1.1.2. Discounting 1.1.3. Diversification
	1.2. Shortening the construction time of facilities	1.2.1. Network planning.
2. Increasing the level of return on capital (rate of return on	2.1. Increasing the profitability of product sales	2.1.1. Increase in revenue.
		2.1.2. Cost reduction.
		2.2.1. Revenue increase

invested capital)	2.2. Increasing the return on fixed assets	2.2.2. Efficient use of equipment and production facilities.
		2.2.3. Replacement of physically obsolete fixed assets.
	2.3. Increasing the return of intangible assets	2.3.1. Increase in revenue
		2.3.2. Effective use of individual intangible assets.
		2.3.3. Replacement of obsolete intangible assets with new ones
	2.4. Acceleration of working capital turnover	See No. 3
II . Management	turnover	working capital
3. Acceleration of working capital turnover	3.1. Increase in revenue from sales and other cash receipts	3.1.1. Effective calculation methods
		3.1.2. Prevention of bad accounts receivable.
	3.2. Optimization of working capital amounts	3.2.1. Optimization of accounts receivable.
		3.2.2. Optimization of stocks of materials and finished products.
		3.2.3. Optimization of the amounts of funds in the cash register and in the bank.

Financial management is also carried out directly in the production process. This is expressed in the classification of costs, the choice of measurement methods, planning and control, and others. These issues will be discussed in the following sections.

9.5. Management of accounts payable

Accounts payable characterize the obligations of an enterprise to the opposite party. The composition and causes of accounts payable were described

above. In addition, we can say that one of the main reasons for the unjustified retention of obligations to creditors is the late receipt of funds for receivables.

The analysis of the structure of credit obligations evaluates the sequence of the debtor's obligations and the structure of their repayment terms. It is also necessary to calculate the turnover ratio and the duration of the turnover of accounts payable by analogy with accounts receivable. However, there are differences in the selection of indicators for calculations. The main indicators for studying the turnover of accounts payable are the volumes of goods, works and services that were purchased on credit or have not yet been paid, as well as indicators of actual debt.

According to the terms of payment, the liabilities for accounts payable may have the following structure:

- obligations with due dates of payment:
- overdue obligations.

According to the calendar period of maturity, obligations to creditors can be grouped as follows

- obligations up to 1 month;
- from 1 to 2 months;
- from 3 to 6 months;
- obligations from 6 months to one year;
- obligations for a period of more than 1 year.

Table 8.2.

Analysis of accounts payable by structure and terms of formation

Accounts payable	Total	Including the time of occurrence				
		Up to 1 month	From 1 to 2 months	From 3 months to 6 months	From 6 months Up to 1 year	More than 1 year
Indebtedness to suppliers	3286	21724	5780	3933	457	972
2. Budget arrears	218	218	*	*	*	*
3. Wage arrears	2016	1980	36	*	*	*

4. Social insurance and social security arrears	765	742	23	*	*	*
5. Debt on property and personal insurance	1476	*	900	540	36	*
6. Arrears on extra-budgetary payments	416	216	200		*	*
7. Debt to subsidiaries	2320	396	1537	387	*	*
8. Debt to associated enterprises	1533	9475	4588	*	1275	*
9. Other creditors	387	387				
Total	55802	35137	1306	4860	1768	972

At the end of the reporting period, the total accounts payable at the enterprise amounted to 55,802,000 soums. Including accounts payable with terms of occurrence up to 1 month amounted to 35,137 thousand soums, accounts payable with terms of occurrence from 1 to 2 months-amounted to 13065 thousand soums, and the amount of accounts payable with terms of occurrence from 3 to 6 months - 4860 thousand soums. The total amount of overdue debt is 972,000 soums.

The state of accounts payable can be assessed on the basis of studying the level of its turnover. The following table describes the relationships in the turnover of accounts payable.

The company's accounts payable increased by 26041 thousand soums compared to the same period last year. The turnover rate has improved slightly. In particular, the turnover ratio increased by + 0.103, and the term of the obrot decreased by 3.2 days. This means that the average repayment period of the company's accounts payable has accelerated by 3.2 days. This is not a big indicator. However, the company should take steps to accelerate it, which will improve the image of the company before the competitors and favor the easing of conditions for new obligations.

The share of accounts payable in total liabilities decreased by 9.7% compared to the same period last year.

Table 8.3.

Analysis of the turnover of accounts payable

indicators	Last year	In the reporting year	Difference
1	2	3	4
1. Accounts payable, (thousand soums)	29761	55802	+26041
2. Net proceeds from the sale of products, (thousand soums)	100980	195120	+94140
3. Obligations (thousand soums)	5205	117758	+65702
4. Overdue accounts payable, (thousand soums)	1161	972	-189
5. Turnover ratio of accounts payable, (2s / 1c)	3,393	3495	0,103
6. Turnover period of accounts payable, in days (1sx 360 / 2s)	106,1	102,9	-3,2
7. Share of accounts payable in the structure of liabilities, % (1s / 3sx 100)	57,1	47,4	-9,7
8. The share of overdue accounts payable in the total amount of accounts payable, as a percentage (4 s / 1 x 100)	3,9	1,7	-2,2

Overdue accounts payable decreased by 189,000 soums, or 2.2 percent ((1161/29761 x 100) - (972/55802 x 100).

Table 8.4.

Analysis of factors affecting accounts payable

Indicators	Turnover ratio of accounts payable	Period of accounts payable
1. Last year	3,393	106,1

2. Conditional reporting year	6,556	54,91
3. Reporting year	3495	102,9
Overall difference	0,103	-3,2
Influencing factors	*	*
1. Change in net sales revenue	3,163	-51,2
2. Change in the amount of accounts payable	-3,06	48,0

Calculation of the coefficient of conditional turnover of accounts payable and the turnover period. The conditional turnover coefficient is calculated using the following formula:

Kou = sales revenue: accounts payable

The conditional period of turnover of accounts payable is determined by the following formula:

Pou = (accounts payable x 360): sales revenue.

The turnover ratio of accounts payable increased by 0.103 compared to the previous year. At the same time, the impact of changes in net sales revenue is +3.163, and changes in the amount of accounts payable - -3.103.

The maturity of accounts payable decreased by 3.2 days compared to the previous year. In this change, the impact of the increase in sales revenue was -51.2 days, and changes in the amounts of accounts payable - +48.0 days.

9.6. Management of factoring and trust operations

Factoring is an intermediary activity in debt collection between entities. When factoring, the intermediary (usually a bank) is given the right to collect the debt, and he receives a certain commission from the lender for his services. After the conclusion of the factoring agreement, the bank transfers the amount agreed upon in the agreement (part of the recovered debt) to the creditor, i.e. the creditor

immediately receives the main part of the debt from the bank or the factoring organization. Further, the factoring organization carries out work on debt collection, including filing a claim.

Factoring operations are one of the most convenient forms of lending to small businesses. By its nature, it can also be called indirect lending.

The main content of the bank's factoring services is the collection of accounts receivable from customers and the collection of corresponding payments from other economic entities. The bank can do this in two ways.

In the first case, the bank acts as an intermediary in receiving payments from the borrower for the client, which is specified in the client's business agreement with the debtor.

In the second case, the bank buys a document from the client that gives him the right to demand payment (with appropriate discounting), and collects the payment from the debtor independently, regardless of the creditor. In the second case, factoring essentially becomes direct bank lending.

When providing factoring services, the bank may charge the client a commission or interest for a factoring loan. Interest rates on factoring loans are higher than refinancing rates, because factoring operations have a higher risk.

By providing factoring services, the bank enters into a corresponding agreement with the client. The contract may also provide for the provision of a number of other related services in addition to factoring:

- accounting of accounts receivable of the client;

- advising the client on the conclusion of business contracts, timely collection of payments, organization of settlements;

- providing the client with information about the market and its prices, the solvency of potential buyers and other services.

The contract must specify in detail the type of factoring, the amount and interest on the factoring loan, the commission fee, the guarantee of mutual obligations and financial liability for non-fulfillment of obligations, the procedure for processing documents and much more.

Before entering into a factoring agreement, the bank carefully examines the financial condition of the client: analyzes the liquidity indicators of the balance sheet, the structure and timing of receivables, the possibility of selling the company's products, market conditions, the solvency of buyers. When determining the amount of a factoring agreement, it is advisable to proceed from the client's business contracts with his customers.

The bank's purchase of promissory notes of other issuers (accounting of promissory notes) from customers is also a factoring operation in terms of content. In this case, the bank assumes the collection of payments on promissory notes.

Another type of financial services provided by commercial banks are trust operations.

It is known that the types and composition of operations of each credit institution depends on many factors: the size and strategy of the bank, the development of its branches, the availability of all necessary permits, the desire for additional income, and much more. In this regard, many banks carry out so-called other operations along with the main operations. Among these operations, trust (trust) operations play a significant role.

Trust operations are operations for the management of assets owned by clients and other asset management operations. Trust transactions are now very important, because banks now act as a full-fledged intermediary between their customers and the market and, as a result, receive a number of sources of income.

Thanks to the trust, the bank receives a number of opportunities:

* acquire additional funds and dispose of them for their own benefit;

* receive commission income under the trust agreement or a share of income from securities owned by clients;

* when working with someone else's capital, the bank is responsible only within the terms of the trust management agreement;

* the account of trust transactions does not affect the bank's balance sheet, but the income from them is added to the total income of the bank.

The main purpose of concluding a trust management agreement is to establish mutual trust relations between the parties when transferring control over certain property (money, securities, property and other rights) to the other party in the interests of both parties.

The object of the trust can be taken property of any kind, including mortgaged property that meets the requirements of the legislation. That is, it can be enterprises and their assets, products, land, real estate, money, securities, currency and material values, property rights. Trust transactions begin with the signing of an agreement between the bank and the owner. Trust transactions may include all or some aspects of asset ownership. That is:

* storage;

* representation of the owner's interests by the trustee (meeting of shareholders, creditors, etc.);

* management of income and investment activities;

* purchase and sale of assets;

* purchase and payment of securities, issue and placement of securities;

* Implementation of formalities related to the creation, reorganization and liquidation of a legal entity;

* transfer of property rights (donation, inheritance, charity, etc.) to another person;

* maintaining the client's bank account, conducting cash and financial transactions and settling settlements on obligations;

* temporary management of the enterprise in case of reorganization or bankruptcy, etc.

In the world practice, bank trust operations are usually divided into three types:

1. Trust services to individuals.

2. Trust service of commercial enterprises.

3. Trust services to non-profit organizations.

Trust services to individuals are widely provided by foreign banks. They include the management of personal property, mediation, acceptance for maintenance, and others.

Inheritance trusts are called "inheritance trusts" and come into force only after the death of the owner. Individuals can also create such trusts during their lifetime. Such trusts are valid during the life of the owner. Property trusts are often created at a time when the owner intends to divide the property in the form of a trust.

In addition, the bank can act as a guardian. In this regard, the bank will be responsible for the collection and preservation of assets, responds to all claims, make the necessary payments on debts and inheritance.

Another type of personal trust services is the maintenance of a "private agency account". The bank, as an agent, is responsible for managing the main assets, financial affairs and daily expenses of an individual.

In this case, the bank can receive wages for an individual, receive and pay interest or dividends, pay rent and fulfill debt obligations, pay personal expenses. In this type of trust, bank employees can act at their own will. This trust is known as a "trust account with the right to manage".

Trust services to commercial enterprises can be divided into two types: agency and surety.

With an agency trust, the bank mainly acts as a private agent of the firm, often issues securities in the interests of the client, pays dividends on them and, at the request of shareholders, refinances them and repays debts on obligations that have expired.

In the case of surety transactions, trusts are primarily associated with the functioning of the market of unsecured commercial securities of large companies. The trust departments of banks keep an account of purchases of commercial securities, ensure the delivery of purchased securities to investors and return securities to issuers whose maturity dates have come.

Competition for the provision of trust services to non-profit organizations is growing all over the world. These include pension, corporate and government funds. Trust departments strive to manage the funds of such organizations. This process can be performed directly and in a discrete form. The direct agent is responsible for the management of the property that is entrusted under the trust, as well as for keeping records on it. A discretionary agent, on the other hand, makes investment decisions and often acts on his own.

One of the key issues of trust activity is the management of the securities portfolio of commercial bank clients. Large companies and pension funds entrust their funds to commercial banks. Strict rules are established for working with such large clients of banks. In accordance with them, the bank allocates their resources on the principles of reliability, diversification, repayment, profitability and liquidity.

Many bankers in the West consider trust departments to be "another part of the world". The main purpose of this is to separate trust services from ordinary banking services. Employees of trust departments act in the interests of clients, but the interests of the bank and the client often do not coincide. Nevertheless, trust departments bring significant additional income to the bank through their activities.

The income of the trust department is formed in the form of direct and indirect income:

- direct income consists mainly of service fees and commission fees;

- indirect income – service fees at fixed or variable interest rates and commissions set depending on the size and value of trust assets.

9.7. Leasing operations. Financial leasing

The word "leasing" in English comes from the verb "Lease" - rent, which is equivalent to the concepts of "renting out property" or "renting property". Some

sources indicate that this is a long-term lease of movable property - cars, equipment, vehicles and others .

A number of publications have similar definitions and their authors emphasize the long-term nature of lease relations of the leasing business . However, at their core, they often lose sight of the credit nature of these relationships. Many authors ignore the specifics of leasing. As you know, leasing is not just a lease, there are its features that bring it closer to a loan. Unlike a lease, it usually involves three or more entities: equipment suppliers, leasing companies and users.

Some economists believe that "leasing is a simple extended lease agreement" or "a lease agreement in which the lessee retains ownership throughout the lease term" or "leasing is a certain type of lease relationship".[1]

The essence of leasing can be expressed by the phrase: "Wealth is not the possession, but the use of it." This phrase fully reflects the main idea of leasing. An enterprise or entrepreneur does not need to own property in order to work and earn money, but only use it for a certain period of time. This is especially important for enterprises with limited financial resources. The leasing mechanism allows such companies to acquire the right to use the equipment for a certain period of time for a reasonable amount of lease payments. At the end of the lease term, it is possible to transfer this equipment to the lessee's property.

The Law of the Republic of Uzbekistan "On Leasing" gives the following definition of leasing: "Leasing (financial leasing) is a special type of lease relations in which one party (the lessor) on behalf of the other party

The Law of the Republic of Uzbekistan "On Leasing" gives the following definition of leasing: "Leasing (financial leasing) is a special type of lease relations

[1] Loans. Investments - Moscow, "Prior" 1994, — 144, — VIII — Л.О. 97-107 б.

[1] Blank I. A. Investment management - Kiev, LLC "MP "POINT", "United London Trade Limited", 1995, 448 p. 408 pMarkov O. M., Sakharova L.S., Sidorov V. N. Commercial banks and their operations: A textbook. - M.: Banks and Exchanges, UNITY, 1995. — 65-75 b; Richard Brady, Spoart Myers. Principles of corporate finance: B 87. Trans. from English - M.: CJSC "Olymp - Business", 1997. - 1120 b. L. 715-732 b; Bukato V. I., Lvov Yu. I. Banks and banking operations in Russia\Edited by M. H. Lapidus. - M.: Finance and Statistics, 1996., 226-332 b.; Russian Banking Encyclopedia. Editorial board: O. I. Lavrushki et al. M.: Encyclopedic Creative Association, 1995, 227 b.

[1] Richard Brayley, Stuart Myers. Principles of corporate Finance: B 87. Translated from English - M.: CJSC "Olympus - Business", 1997— - 1120 b. L. 715-732 b; Kozlova E. P. Accounting in commercial banks. - M.: Finance and Statistics. 1996— - 432 b.; Banks and banking operations: Textbook for universities\E. F. Zhukov, - M.: Banks and Exchanges "UNITY", 1997.; European Federation of National Associations for Equipment Leasing (Leaseurope).

in which one party (lessor), on behalf of the other party (lessee), acquires property (leased object) from a third party (seller) and transfers it to the lessee for a period of more than twelve months for possession and use for a fee provided for in the leasing agreement.

The lease agreement, as a rule, assumes the full purchase of the leased asset by the end of the lease term, and the lease amounts paid are considered to be the paid part of the price of the object. A lease that is not related to the acquisition of a leasing object is called an operational lease and is usually short-term (up to one year). When the leasing object is left in the possession of the lessee, the leasing is called financial leasing.

The Law of the Republic of Uzbekistan" On Leasing " of April 14, 1999 establishes two types of leasing - financial and operational. In accordance with the Law of the Republic of Uzbekistan "On Amendments and Additions to certain Legislative Acts of the Republic of Uzbekistan" of December 13, 2002, the financial form of leasing was abandoned.

According to the legislation of the Republic of Uzbekistan, the following conditions must be met for financial leasing:

- after the expiration of the lease agreement, the leased object must remain at the disposal of the lessee;

- the term of the lease agreement exceeds 80% of the service life of the leased object or the residual value of the leased object by the end of the contract period should be less than 20% of the original value of the property;

- upon the expiration of the lease agreement, the lessee has the right to buy the leased object at a price below the market price on the date of sale;

- the total amount of lease payments made during the term of the contract must be more than 90% of the value of the leased object.

If any of these conditions are not met, the type of leasing will be operational leasing.

Operational leasing is usually characterized by the following features:

- the lease term does not cover the entire period of complete physical deterioration of the leased property;

- the risk of damage or loss of property remains with the lessor;

- at the end of the lease term, the property will be leased to another tenant or completely sold to another person.

Leasing with a lease term of up to one year is called renting, and with a lease term of one to three years - hairing. Banks are not engaged in such operations, they are typical for specialized leasing companies.

When it is economically feasible to buy an object with the payment of the cost in parts and with installments or to rent the property, they apply for leasing services. The lessee uses the property as if it were his property, but legally the lessor is the legal owner of the property. The lessee fully includes the rental costs in the cost price, thereby significantly reducing its financial risk.

Banks prefer to engage in financial leasing. Financial leasing is divided into serviced leasing, low-lease leasing and leasing within the "package". Leasing with servicing provides, along with financial leasing, the provision of additional services related to the use of leased property, which is formalized by an additional contract. In the case of loveridge leasing, one part of the leased property is provided by the bank, and the second part (most of it) is provided by a third party. Leasing as part of the package involves the purchase of buildings and structures by the enterprise itself on the terms of a loan, and the equipment is leased to the enterprise on the terms of leasing.

If the costs associated with the operation of the leased property are covered by the lessee himself, this is called net leasing. When maintenance is assigned to the landlord, the lease is called a full lease.

In fact, leasing is a credit operation. From this point of view, the lessee receives a loan from the bank, embodied in the leasing object, on the terms of repayment, urgency and payment.

Leasing, although it is a lease in its external form, differs significantly from it in terms of content. The lessee, like the lessee, receives the property for long-

term use. At the same time, unlike the lessee, the lessee bears obligations related to the ownership of the property: payment of the cost of the property, compensation for accidental loss of property, property insurance, maintenance, repair. However, the lessor will remain the owner of the property until the end of the financial leasing relationship.

The loss of the leased object or the inability to use the object does not release the lessee from the obligation to fully repay the debt. The lessee, unlike the lessee, pays the entire cost of the leased object.

In case of detection of defects in the leased object, the lessor is released from warranty obligations, and the lessee must send all claims to the supplier (seller) of the object.

The main type of leasing operations carried out by commercial banks is purely financial leasing, that is, lease, when the costs of servicing the leased property are borne by the lessee and the full value of the property is paid during the lease term. In net financial leasing, the lease term corresponds to the economic service life of the leased object. In this process, the bank acts as a financier.

The relationship between the bank and the lessee is formalized in the lease agreement between them. The contract specifies the right of the bank to verify the intended use of the leased property by the lessee. In accordance with the agreement, the bank may terminate the lease agreement in the event of deterioration of the property due to improper use, damage, loss or damage to the property. The Bank may also provide for the right to terminate the contract if lease payments are delayed for a long time. The contract must provide that in the event of termination of the contract due to the fault of the lessee, the lessee undertakes to pay the bank at least the entire amount of the lease agreement (including a fine).

In the event of the lessee's bankruptcy, the property must be returned to the bank, and the bank's losses from the termination of the contract must be fully recovered from the lessee.

The legal basis for leasing relations has been created in Uzbekistan. In 1995, a joint leasing company "Uzbekleasing International JSC" was established, the

authorized capital of which was 4.0 million US dollars (in 2001 it was increased to 10.0 million US dollars), in 1996 a universal leasing bank "Bank-Leasing" was created (the authorized fund of 200 million soums), in 1997 - an agricultural leasing company "Uz Case Agroleasing" with an authorized capital of 5.0 million US dollars, a joint-stock leasing company "Uzavializing" with an authorized capital of 24.5 million US dollars. specialized leasing company open Joint stock Company "Uzmed-Leasing" with an authorized capital of 1.5 billion US dollars. sumov.

In addition, in order to develop leasing relations, the Cabinet of Ministers of the Republic of Uzbekistan adopted resolutions in 2000 "On measures to ensure the use of agricultural machinery on leasing terms", in 2011 "On measures for the further development and regulation of leasing services in the Republic of Uzbekistan".

Security questions:

1. What are the financial resources of enterprises?
2. What funds are included in the company's own funds?
3. Explain the financial development strategy.
4. What is factoring?
5. What is a leasing operation?
6. Explain the meaning of trust operations.

Chapter 10.

Management of investment activities at enterprises

10.1. Management of the securities portfolio at enterprises

In market conditions, investments in securities of other issuers form a portfolio of securities. The purpose of such investments is to ensure the rational movement of the financial resources of the enterprise and the multiplication of the resulting profit.

Managing a securities portfolio is a complex process and involves a number of stages. Securities portfolio management means the formation of a securities portfolio, analysis and regulation of its structure, ensuring the necessary liquidity and minimizing costs, implementing measures to achieve the portfolio. The purchase of securities has the following objectives;

* preservation of the cost of capital of the value of;

* getting additional profit;

* capital increase due to the growth of the securities exchange rate.

In the conditions of market relations, the purchase of securities is also carried out for other purposes. These include the following:

* ownership of property rights, obtaining certain products and services through the purchase of securities;

* purchase of securities that, according to the terms of circulation, can replace cash and at the same time bring income;

* expansion of the sphere of influence of property and participation in its redistribution;

* speculating on changes in the exchange rate of securities, etc.

The liquidity of the portfolio means that the portfolio of securities as a whole or a separate part of it can be exchanged for money or for other securities without loss of exchange value.

More than ten types of securities are traded on developed markets, and some of their types also have their own varieties, issued with different conditions. The following are the main types of securities: a share, a bill of exchange, a futures contract, a bond, state treasury obligations, an option, a warrant, bank deposit and savings certificates, a bill of lading, an order (for example, a security that gives the right to receive housing).

A share is a security that confirms the investment of funds in a joint-stock company and gives its owner the right to receive a part of the company's income in the form of a dividend. The share is put into circulation without setting the circulation period.

A bond is a security that confirms the transfer of funds by its owner and is issued for a fixed period with fixed interest payments. The bond is issued for a fixed term.

State treasury obligations are a type of government securities that are placed in a wide range of investors. They are issued with the following types of terms of circulation:

* long-term;

* medium-term;

* short-term.

Long-term treasury bonds are issued for a period of 5 to 25 years, medium – term-from 1 to 5 years, medium-term-for terms of 3, 6 and 12 months.

Deposit and savings certificates of banks. Savings certificates of banks are a written certificate confirming the right to receive an interest deposit on them at the end of the established period. They are intended for individuals. Bank certificates of deposit are urgent certificates of large denomination. They are designed for economic entities.

A bill of exchange is a security that confirms the unconditional monetary obligation of the bill issuer to pay a certain amount to the owner of the bill when the deadline comes. Promissory notes can be simple and transferable.

Warrant-from the English Warrant-a power of attorney, a power of attorney, is applied in two ways. Firstly, as a certificate that entitles its owner, with or without specifying the term, to purchase securities at a fixed price. Secondly, the warrant is used as a certificate of acceptance for storage of a certain product in a commodity warehouse. About registered and bearer.

A bill of lading is a security that gives the right of ownership to a specific product. A bill of lading is a transport document that reflects the conditions of sea transportation and its owner has the right to use the cargo. The content, signs and conditions of compilation are defined in the Commercial and Maritime Swimming Code.

An option is a bilateral agreement (contract) on the transfer of the right to buy or sell a certain asset(security, currency, etc.) at a certain price on a predetermined day or agreed period (for the buyer) and the transfer of the obligation (for the seller).

There are three types of options:

• a call option gives you the right (but not the obligation) to buy shares, currency and other assets;

• a put option allows the buyer of an option (but not an obligation) to sell shares, currencies and other assets;

* a double option or a stellage option gives the option buyer the right to buy or sell (but not simultaneously buy and sell) shares, currency and other assets.

The option specifies the term of its execution. The deadline for execution can be a certain day or period. After that, the option loses its validity. From these positions, there are two types of options:

* European;

* American.

The European type means a strict definition of the option execution time. In the American type, it is possible to use the option at any time within the period specified in it.

The option has its own market rate. The peculiarity of an option is that when it is bought and sold, it is not the value itself that is sold, but the right to buy it. The agreement on the purchase and sale of an option is called a contract.

Futures is an exchange contract on the obligation to buy or sell a commodity at the price set in it. A futures contract does not necessarily end with a mechanical purchase. Here, initially, a contract is concluded between the buyer and the seller for a certain amount. In this case, the contract is considered a security and can be resold many times during its validity period.

A warrant is a document confirming the right of ownership of housing.

If it speaks about the reliability of securities, in international practice, specialized rating agencies and organizations group them on the basis of an in-depth analysis. For example, they can be divided into the following groups: "top quality", "high quality", "above average quality", "average quality", etc.

The investment quality of securities is determined on the basis of an assessment of their liquidity and ability to bring income, the degree of risk at a stable exchange rate value. It is known that the less risky a security is, usually the lower its profitability is.

Risks associated with the securities portfolio. Capital risk characterizes the overall risk for all securities in the securities portfolio. It depends on the possibility of returning the invested capital without losses. In times of major stock market crises, capital risk manifests itself especially strongly (for example, in 1998 in South Korea, Japan, Russia, Indonesia, Malaysia, etc.). In times of severe shocks, it is possible to prohibit the issue of securities, their re-registration, and a significant change in the terms of circulation. As a result, issuers and investors may incur additional costs and financial losses.

Temporary risk-occurs if an unfavorable moment is chosen for the purchase or sale of a security. The purchase and sale of securities is strongly influenced by seasonality or cycles of reproduction.

The risk of choice is associated with the probability of not choosing high-yield reliable types of securities. This happens when there is an incorrect assessment of the investment qualities of securities and the current situation on the market.

Liquidity risk is measured by the amount of loss from the sale of a security when the estimates of its investment qualities change.

Inflation risk – at high rates of inflation, investors ' income from securities quickly depreciates. World practice shows that despite the presence of many methods of reducing inflation risk, high inflation rates destroy the securities market.

Currency risk is associated with changes in exchange rates, which changes the real value of investments in the corresponding currencies.

Regional risk – with a narrow specialization, the well-being of regions depends on changes in prices for a limited number of products, which creates a risk characteristic of this region. Risks in the country or in specific regions may arise for reasons of political and economic separatism.

Industry risks are risks associated with the peculiarities of individual sectors of the economy. According to them, all industries can be divided into several groups:

a) industries subject to cyclical fluctuations;

b) industries that are less subject to cyclical fluctuations;

c) sustainably operating industries;

d) rapidly expanding industries.

Credit risk is the risk associated with the inability of the issuer of securities to pay interest and principal debt.

Interest rate risk-changes in market interest rates can lead to losses for the investor. It is known that an increase in interest rates leads to a decrease in the market prices of securities.

Market risk-a decrease in market activity will lead to a decrease in securities prices and to losses for investors.

Country risk – the risks of investors when investing in politically and economically unstable countries.

Enterprise risk-similar to industry risk. The specifics of the company's activities also affect the toffee. Accordingly, enterprises can be divided into conservative and aggressive, as well as rational ones that combine both approaches.

Repayment risk-characterizes the issuer's losses from an increase in the interest rates paid when placing bonds with the right to early repayment.

Securities portfolio management. The management of a securities portfolio consists of many interrelated operations. The choice and time of applying operations, the conditions and scope of their implementation depend on who manages the portfolio and for what purposes. The securities portfolio may be managed by its owner or by another person on his behalf.

Let's consider the main operations when managing a portfolio by its owner. And when managing a portfolio by another person, the same operations are also performed. They do not differ in content. The difference between them is in formalities. The portfolio owner acts on his own behalf and without restrictions, and another person performs operations on behalf of the owner.

As noted, financial investments cover investments in securities of the state, enterprises and organizations, in the authorized capitals of other enterprises. Financial management evaluates and analyzes the value of various types of securities. If the securities are sold at a price higher than the face value or the purchase price, the company's profit increases, if they are sold cheaper, losses arise.

The task of a financial manager is to determine the yield of securities and, at the same time, the average yield of a securities portfolio.

The profitability of operations with securities should be considered as a relative value. The yield of securities is compared with the alternative yield, i.e. with the yield when investing these funds in other possible directions. The Central Bank's refinancing rate can also be considered as an indicator of alternative profitability. When analyzing the profitability, the inflation rate must be taken into account.

The profitability of shares is expressed by an indicator, which is called the share rate:

$$\text{Share price} = \frac{\text{dividend}}{\text{refinancing rate or the average interest rate}} \times 100$$

The rate of interest-free bonds is determined as follows: The price of the bond

$$\text{Bond rate} = \frac{\text{price of the bond}}{\text{Nominal value of the bond}} \times 100$$

The yield of the bond, on which interest is paid at the end of the term, is determined as follows:

$$Q = \frac{1 + P}{\sqrt[n]{K : 100}} - 1$$

Here: Q is the level of profitability;

P – the ratio of the total income on the bond to the nominal value of the bond (the percentage coefficient for the entire term of the bond);

K – the ratio of the purchase price of the bond to the nominal value of the bond (as a percentage);

n –the maturity of the bond.

In the conditions of market relations, an enterprise can receive income from the purchase and sale of promissory notes, from investments in certificates of deposit, from the purchase of state treasury obligations.

In each period, the income from financial investments is compared with the actual costs of their acquisition.

10.2. The necessity and importance of assessing the financial and economic efficiency of investments

Evaluation of the effectiveness of investments is a very important process that includes the analysis and evaluation of technical, economic and financial indicators. Evaluating the effectiveness of investment projects, you can choose the best ways to allocate funds.

Do the income from the investment project justify the costs incurred for it? - the answer to this question is the main content of the assessment of any investment project. However, despite the simplicity of the question, a careful examination reveals many of its facets, it is often difficult to find an unambiguous answer.

Any investment project, even if it has many positive characteristics, will not be implemented, unless the investment in it, i.e. the investment costs of the project (works, services), will not be covered by the expected profit.

The main purpose of the analysis and evaluation of investment projects is to assess the reality of achieving the intended results.

When evaluating the effectiveness of investment projects, attention is focused on the amount of income received, the economical use of labor resources, the duration of the project, the quality of the products produced, their place in the market, as well as on the rational organization of costs. In addition, consideration of the correct use and control of cash flows takes a special place in the assessment. At the same time, capital expenditures are directed to the lease of land, the

construction of buildings and structures, the creation or purchase of machinery and equipment, personnel training, and current expenses are directed to the purchase of raw materials, water, energy, labor and other resources. The income from the investment project consists of income from the main activity, savings in production costs, income from royalties and government bonds. Investment projects can be evaluated in various ways, but in all these cases, the main attention is paid to determining the profitability of projects and the amount of profit received.

When evaluating the effectiveness of investment projects, it is especially important to achieve concrete results, i.e., complete the design, enter the market and strengthen your position there, and fully cover investment costs. The evaluation also takes into account the effectiveness of R & D. The importance of this is that the acceleration of time and their effective organization contribute to reducing overall costs, on the other hand, new products are introduced to the market earlier, and, at least in the short term, the enterprise has a monopoly on the market.

In industrialized countries, large industrial corporations use these models. Such models are also used by various consulting firms that study and determine the effectiveness of investment projects.

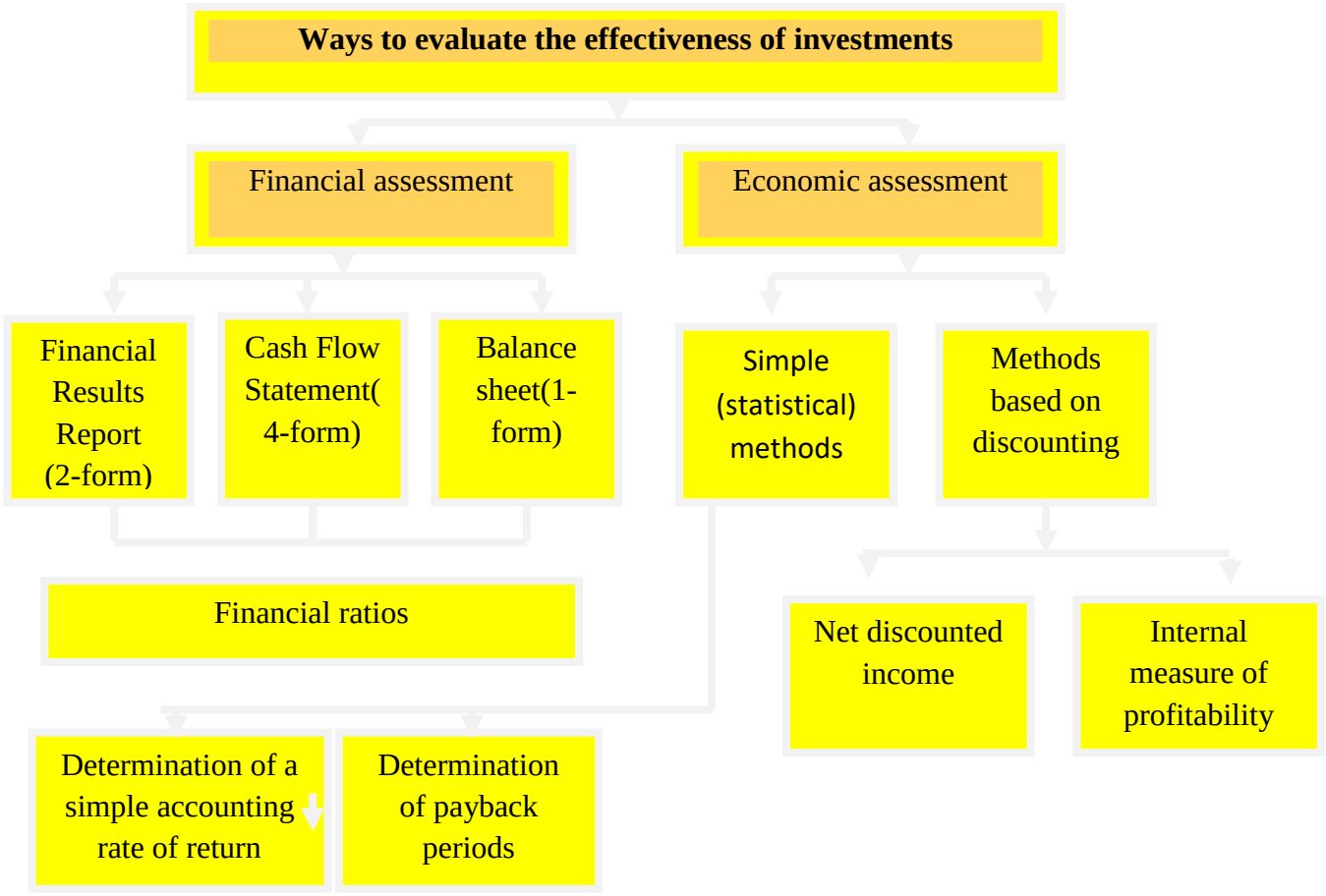
Based on the experience of foreign countries, as well as the recommendations of UNIDO (United Nations Industrial Development Organization), the assessment of investments is based on two criteria: financial and economic. Both of these criteria for evaluating the effectiveness of investments are complementary.

Financial assessment is used to analyze the liquidity of the investment process. In other words, the purpose of the financial assessment is to determine whether the company has sufficient financial resources to meet its overall financial obligations for the timely implementation of the project.

The economic assessment is used to preserve the value of the investment potential of the project and create a sufficient level of growth.

The financial assessment (or assessment of the financial validity) of the investment object is an integral part of the investment process. The investor does not enter into business relations with legal entities or individuals whose financial situation is unknown. In countries with developed market economies, companies usually publish financial reports in the media or in various collections. Using this information, you can get information about the financial position of companies. The following figure shows the main methods of determination for each criterion:

Figure 10.1



In the world practice, several methods for assessing the economic efficiency of investments have been developed, they can be conditionally divided into two large groups:

* simple (or statistical) estimation methods;

* discount-based valuation methods.

The first group includes:

• Payback Period (Payback Period, PP);

• Investment efficiency coefficient (Accounting Rate of Return, ARR).

The second group includes:

• the method of determining the net present Value (NPV);

• method of calculating the Internal Rate of Return (IRR);

• the method of calculating the return on investment (Profitability Index, PI);

• the method of calculating the payback period by discounting (Discount Payback Period, DPP).

10.3. Simple (traditional) methods of assessing the financial and economic efficiency of investments

The methods of the payback period and the level of profitability used in assessing the economic efficiency of investments were well known and, due to their simplicity and clarity, were used as key indicators in domestic and foreign practice before the widespread use of methods based on discounting cash flows. The simplicity and clarity of these methods have significantly led to their use by personnel who do not have special economic knowledge, skills, qualifications and training. Currently, commercial banks and other credit institutions usually use these two methods – the payback period and the level of profitability to inform potential borrowers about the conditions for allocating investment resources.

The method of calculating the payback period of investments, in contrast to the methods of discounting cash flows, helps to determine the period in which investments can be repaid in nominal terms. Accordingly, this method is based on determining the period of nominal coverage of investment costs by nominal income from an investment project. In a clearer expression, the payback period is when, during the implementation of the project, the combined income is equal to the amount of investment.

The formula for calculating it:

here, I0 is the initial investment; - the amount of annual cash income from the project implementation. It expresses the net profit or the difference between annual income and annual expenses (without depreciation).

Example. Let's assume that it is planned to invest 140 million soums in the investment project, and the revenue from the project implementation will be as follows: in the first year - 37,750 thousand soums, in the second - 42,390 thousand

soums, in the third year - 47,430 thousand soums, in the fourth year - 51140 thousand soums and in the fifth year - 60030 thousand soums. In this case, determine how many years is the payback period (PP)?

The total amount of cash receipts for three years is 127,570,000 soums, i.e. less than the amount of the initial investment. And for four years, the total amount of cash receipts (178,710 thousand soums) already exceeds the amount of initial investments. Taking into account that the difference between the amount of initial investments and the amount of income during the first three years will be 124,300,000 soums (140 000 000 – 127 570 000), the ratio of this residual amount to the income received in the fourth year indicates the maturity. We get the coefficient 0,24 (12 430 000 : 51 140 000), and the amount of time is 2 months and 28 days (3 years + 2 months and 28 days). Thus, the payback period of an investment project is determined by the time the investment amount is covered by the proceeds from the project.

In the second approach, when determining the payback period, the initial investment amount is divided by the amount of the average annual income. This is used when the cash flows over the years are equal.

The level of accounting return on investment (ROI) or simple rate of return (ROI) is calculated by dividing the average income according to accounting data by the average annual investment amount. At the same time, calculations can be made on the basis of the amount of profit before interest and taxes, or on the basis of income after taxes, but before interest. It is preferable to choose a net profit after taxes. Because it represents the real profit of the founders and investors of the enterprise. It is calculated using the following formula:

here, D is income before interest and taxes or after taxes, but before interest; Cc is the tax rate; Cab, Ca0 is the value or amount of assets at the beginning and end of the period under review.

Example. Suppose that 140 million soums were invested in the investment project, the net profit for the years is as follows: the first year - 3350 thousand soums, the second year - 10990 thousand soums, the third year - 15480 thousand

soums, the fourth year - 21640 thousand soums, and in the fifth year - 22 790 thousand soums. What is the simple rate of return (ROI)?

Since the net profit for this project varies by year, we first calculate the average annual profit.

R ch = (3350 + 10990 + 15480 + 21640 + 22790) thousand soums: 5 =

74250 thousand soums: 5 = 14850 thousand soums.

Then we calculate the ROI:

ROI = 14,850 thousand sums : 140,000 thousand soums = 10.6%.

This rate of return meets the requirements of the investor. Therefore, we can talk about the attractiveness of the project, that is, it can be approved.

The main advantage of these methods is the simplicity and convenience of calculations. The disadvantage is that the value of future cash flows is not taken into account relative to the current time.

10.4. Methods for assessing the financial and economic efficiency of investments based on discounting

The financial and economic assessment of any project is based on cash flow data. It is impossible to assess the effectiveness of an investment project without having information about cash flows.

Due to the fact that the evaluation of the investment project is carried out before the start of the project, information about the cash flow is also planned in advance. In assessing the effectiveness of projects, planning and accounting for cash flows play an important role and have a significant impact on determining the real effectiveness of investment projects.

The essence of the discounting method (an unconventional method) is that it is based on the concept that the value of money at certain points in time is not the same, that is, the same amount received in a year is not equivalent to today's

amount. All discounting methods – Net Present Value(NPV), internal rate of Return (Internal Rate of Return, IRR), calculation of the return on investment (Internal Rate of Return, IRR), calculation of the return on investment by discounting (Discount Payback Period, DPP) - determine the differences between all income and expenses for the project by periods - net cash flows (Cash Flow-CF), which are summed up after their discounting. So, to understand the essence of methods based on discounting, we must find out the content of the company's cash flows and the formula for determining net cash flows.

The company's cash flows consist mainly of:

* net cash receipts / expenses of operating activities (form 4, line 050);
* net cash receipts / expenses of investment activities (form 4, line 100);
* net cash receipts / expenses of financial activities (form 4, line 180).

This can be illustrated in Figure 2:

Table 10.1.

Characteristics of the company's cash flows[2] .

Types of activities of the enterprise	**Income (receipts)**	**Expenses (outflow)**
Investment activity	a) sale of fixed assets. b) sale of intangible assets. c) sale of long-term and short-term investments d) proceeds from the reduction of working capital.	a) capital investments. b) purchase of intangible assets. c) expenses for working capital growth. d) purchase of long-term and short-term investments.
Operational	a) cash from the sale of products (goods, works and services).	a) cash payments to suppliers of materials, goods, works and services. b) cash payments to employees and on

[2] A.Uzakov, E.Nasirov, R.Saidov, M.Sultanov. Financing of investment projects and their monitoring. Training manual.- T.: "Economy-finance", 2006.90 - page.

activities	b) other cash receipts from operating activities.	their behalf. c) other cash payments of operating activities.
Financial activities	a) cash proceeds from the issue of shares or other capital-related instruments. b) interest and dividends received. c) other cash receipts from financial activities, including from borrowings	a) cash payments for the purchase of own shares. b) interest and dividend payments. c) payments on short-term and long-term loans. d) lease payments. e) other payments of financial activity.

The analysis of cash flows and expenses is very important when evaluating investment projects. Investors are interested not only in income that leads to an increase in wealth, income and expenditure of monetary resources, but also in the profit that remains after fulfilling obligations to the budget.

This can be determined by the formula:

Dp = Vp – (Z - A) –Pp-Pn,

here, Dp – cash receipts; Vp – sales revenue;

H-current expenses; A – depreciation charges;

Pp, Mon – interest and tax payments.

The following formula is used in the economic literature to determine the net cash flow of investment projects:

+ Sales revenue

- Current expenses

- Depreciation

- Interest on the loan

- Other fixed expenses

= taxable base

- income tax

= profit remaining at the disposal of the enterprise (net profit)

+ Depreciation

= Net Cash Flow (Cash Flow - CF) [5] .

Evaluation of the effectiveness of investment projects based on discounting allows you to determine the profitability, efficiency, usefulness and attractiveness of any investment project. However, in some cases, it may not be necessary to use all methods of evaluating investment projects. The application of these methods should be carried out taking into account the characteristics of each analyzed project.

Although the methods of evaluating the attractiveness of a project may not reveal all its features, they serve to determine the real effectiveness of the project.

Net present value (NPV) is the value obtained by discounting income and expenses for a certain period of time using a certain interest rate. The difference between them is recognized as the net cash flow from the investment object. The essence of this method is that the net annual cash of each year at its real value will have the same financial content as the cost of the initial investment.

The formula for calculating it:

$$NPV = \frac{CF_1}{(1+d)^1} + \frac{CF_2}{(1+d)^2} + ... + \frac{CF_t}{(1+d)^t} - I_0$$

$$ёкиNPV = \sum_{t=1}^{n} \frac{CF_t}{(1+d)^t} - I_0$$

here, NPV is the net present value; d is the discount rate; I0 is the initial investment; CGt is the cash flow of the period t.

Example. The investment project will require investments in the amount of 140 million soums with an expected return for the years 18, 40, 75 and 80 million soums.

Under the same conditions, the discount rate is 11%.

In this case,

$$NPV = \left[\frac{18}{(1+0{,}11)} + \frac{40}{(1+0{,}11)^2} + \frac{75}{(1+0{,}11)^3} + \frac{90}{(1+0{,}11)^4} \right] - 140 =$$

$$= (16{,}2 + 32{,}5 + 54{,}8 + 52{,}7)млн.сум - 140млн.сум = (156{,}2 - 140)млнсум = 16{,}2млн.сум$$

If an investment project requires a consistent investment of financial resources for many years, then the NPV calculation looks like this:

$$NPV = \sum_{t=1}^{n} \frac{CF_t}{(1+d)^t} - \sum_{t=1}^{n} \frac{I_t}{(1+d)^t},$$

here, It is the investment costs of the t-period. When calculating NPV, a constant discount rate (d) is usually used. However, in some cases, for example, when an interest rate change is expected, individual discount rates for each year are applied. This complicates the calculations.

The discount rate rate should be equal to the interest rate on long-term loans on the capital market or the interest rate paid on loans. In other words, the discount rate should express the minimum return for the investor, a lower level is considered insufficiently effective.

If the result obtained when evaluating investment projects using the net present value method, that is, if the net present value is positive (NPV> 0), then the return on investment is higher than the discount rate, and in the case of NPV = 0, the profitability of the project is equal to the discount rate (minimum coverage rate). if NPV <0, the profitability of the project will be lower than the minimum.

In the first two cases, an investment project can be implemented. The first implies that the investor's capital will increase, and in the latter-it will neither increase nor decrease. In the third case, the income from the investment will be less than the minimum required.

The net present value method only quantitatively shows how much the initial investment, that is, the investor's wealth, will increase.

However, the definition of quantitative changes and results is not enough for a multilateral characterization of investment efficiency.

Therefore, it is necessary to use other methods of economic assessment to determine the relative growth of investments and the degree of their growth.

The internal rate of return (IRR) is the discount rate when the discounted value of the net proceeds from the project is equal to the discounted value of the investment, and the net present profit is zero. The formula used to calculate the net

present value is used to determine this indicator and the minimum interest rate, where the net present value is zero. The same interest rate is called the internal rate of return. This method is also known by such names as the internal rate of return, the coefficient of coverage or efficiency, and the marginal efficiency of investment.

The task of determining the internal rate of return is quite difficult. It is based on the assumption that the investment is carried out in several parts, and the cash receipts from the project at least once or at first will be negative, the cash flows will be unequal.

The formula for its calculation can be expressed by the following equation:

$$NPV = \sum_{t=1}^{n} \frac{CF_t}{(1+d)^t} - I_0 = 0$$

If an investment project requires a consistent investment of financial resources over a number of years, then the IRR can be expressed as follows:

$$\sum_{t=1}^{n} \frac{CF_t}{(1+d)^t} = \sum_{t=1}^{n} \frac{I_t}{(1+d)^t}$$

Here it is necessary to find the value d. The found value is called the internal rate of return. When the IRR is used to evaluate the effectiveness of an investment project, this norm shows that the net present value is zero and such efficiency does not allow increasing the wealth of the firm, but does not allow its reduction.

The IRR shows the expected return on the project and sets the maximum possible cost limit, which means that the IRR is the upper limit of the bank's interest rate on the loan, and when its value exceeds the interest rate, the project actually generates income.

There may be cases when an investor can get a certain loan at interest from another entity. Then the expected result of the project should be higher than the interest rate on the loan, or the investor should know to what extent he intends to receive income from the project. Such circumstances, i.e. the interest rate for the loan or the level of the desired profit, are indicated by the hurdle rate (HR) coefficient. This indicator is compared (compared) with the internal rate of profit.

Comparing IRR and HR will lead to the following conclusions:

• if IRR> HR, the project is effective and is accepted for use;

• if IRR <HR, the project is inefficient (unprofitable) and its implementation is not advisable;

• If IRR = HR, the project can be accepted, it is not unprofitable, but it does not bring profit either.

Using this indicator, you can make the right choice among investments:

- with equal amounts of investments;

- of equal duration;

- equal levels of risk;

- the same schemes of cash receipts.

The higher this indicator, the more effective the project will be.

The internal rate of return can also be expressed in a different way, by interpolation:

$$IRR = d_1 + \frac{NPV_1}{(NPV_1 - NPV_2)} \cdot (d_2 - d_1),$$

here, NPV1 – d1 is the positive value of the net present value at the discount rate; NPV2 – d2 is the negative value of the net present value at the discount rate d2 .

When determining the internal rate of return, the values of the indicators d 1 and d 2 are of paramount importance. As a result of their influence, fluctuations in the net present value change and, as a result, the internal rate of profit changes. In accordance with this, it is assumed that:

- d 1-the interest rate that minimizes the positive NPV value;

d 2 is the interest rate that maximizes the negative NPV value.

The return on investment (RI) is based on the calculation of the ratio of discounted income to discounted investment expenses. This indicator reflects how the wealth of investors can grow, and is determined as follows:

$$PI = \left[\sum_{t=1}^{n} \frac{CF_t}{(I+d)^t} \right] / I_0$$

here I0 is the initial investment, CG is the cash receipts in the t-period.

The return on investment characterizes the growth of invested funds per 1 sum.

If the investment costs are made at different times (long-term), (PI) is determined by the following formula:

$$PI = \left[\sum_{t=1}^{n} \frac{CF_t}{(1+d)^t}\right] / \left[\sum_{t=1}^{n} \frac{I_t}{(1+d)^t}\right],$$

here, It is an investment in t-year.

A comparative assessment of the return on investment and net present value shows that with an increase in net present value, the return on investment increases, and vice versa.

If the profitability indicator is equal to or less than "1", the project should be rejected because it does not bring additional benefits.

When NPV = 0, the return on investment is always equal to 1.

Although it seems simple, the problem of determining the profitability of projects is associated with certain difficulties. This is especially true when investments are made in different currencies, at different times, that is, over several years.

Consider the following example.

Eg. Imagine $ 140 million spent on an investment project. As a result of the implementation of the investment project, it is planned to receive 37,750,000 soums in the first year, 45,390,000 soums in the second year, 47,430,000 soums in the third year, 51140,000 soums in the fourth year and 60030,000 soums in the fifth year. In this case, how is the discounted return on investment for an investment project determined?

Table 10.2.

Calculation of the profitability index

№	Indicators	Amount, thousand soums				
		1 year	2 years	3 years	4 years	5 years
1	Cash receipts (flow)	37750	45390	47430	51140	60030
2	Discount multiplier (d = 7%) or discount rate	0,9346	0,8734	0,8163	0,7629	0,7130
3	Net discounted income or cash flow converted to current value.	35281,1	39643,6	38717,1	39014,7	42801,4

Thus, the profitability index is:

PI = (35281,1 + 39643,6+ 38717,1 + 390147 + 42801,4) thousand soums : 140000 thousand soums = 195457,9 thousand soums : 140000 thousand soums = 1,396 or rounded to 1.4.

ROI differs from the previously used the coefficient of efficiency of capital investments that here as income are accepted are given in the present value of the cash flows.

The return on investment is used not only for comparative analysis, but also as a criterion for project acceptance.

We have considered the use of the payback period method as a way to assess the effectiveness of investment projects as one of the traditional (simple) methods. However, this method does not take into account the cost of future cash flows, so it must also be calculated using discounting.

To do this, the investment payback period (DPP) is calculated by dividing the discounted annual cash receipts by the discounted investment amounts.

To illustrate this method, let's give an example.

Example. Let's say the company invested 300 million soums for the construction of a hotel. The annual income from the use of hotels is 85, 100, 120 and 160 million soums.

We calculate the PP-the payback period of the investment. Then the discounted payback period (DPP) is calculated. The latter is determined by the formula:

$$DPP = \frac{I_0}{DCF^{(\Sigma)}}$$

here, I0 is the initial investment; DCF (Σ) is the discounted annual cash receipts.

When calculating this indicator, we refer to the data in the table compiled on the basis of the above example. 5.6 below, which is based on the example 5.5 above. This table shows the values of the corresponding indicators, by which you can judge their differences.

Table 10.3.

Calculation of the discounted payback period

№	indicators	**0**	**1-year**	**2-year**	**3- year**	**4- year**
1	Receipts, million soums.		85	100	120	160
2	Discounted receipts, million soums (d = 16%)		73	74	77	89
Rock	Payments (initial investments)	300				
4	Payback Period (PP) Discounted				2.96 years old	
5	payback Period (DPP)					3.85 years old

The table shows that the payback period of investments is 2.96 years, the discounted payback period is 3.85 years. Their calculation looks like this:

$$PP = 185.000.000 + \frac{115.000.000}{120.000.000} = 2йил + 0,96 = 2,96й$$ or 2 years, 11 months, 15 days

$$DPP = \frac{I_0}{DCF^{(\Sigma)}} = 224.000.000 + \frac{76.000.000}{89.000.000} = 3йил + 0,85 = 3,85й$$ or 3 years, 10 months, 10 days

According to the example above, the discounted payback period of the investment is 3 years, 10 months and 10 days, which is longer than the undiscounted payback period. This is due to the fact that when calculating the first indicator, the current values of future cash receipts and investments are taken into account. Thus, the discounted payback period more realistically reflects the full coverage of the investment costs, it is considered preferable to the payback period method.

Investments are associated with an incomplete certainty of the future and a number of risks. Therefore, it is necessary to assess the financial and economic viability of each project already at the pre-investment stage. For the effective implementation of this work, it is necessary to use modern information technologies. Because with the help of new technologies, the evaluation of the effectiveness of the project can be achieved both qualitatively and quickly. Currently, in economic practice, the TEO - INVEST information technology program is mainly used to assess the economic efficiency of an investment project. It is a comprehensive software for financing projects and analyzing their effectiveness. With the help of this software, investment projects are analyzed financially and economically, and their economic efficiency is evaluated using traditional and discount methods.

Questions for monitoring

1 . Do you know what a promotion is and what it is?

2. What is a securities portfolio and what are the features of its management?

3. How do you know the risks associated with a securities portfolio?

4. Do you know the types of securities portfolio?

5. Describe the components of securities portfolio management operations?

Chapter 11.

Financial risk management at enterprises

11.1. The concept of risk and risk management

With the development of small business and private entrepreneurship, the role of competition, which is the basis of market management, increases. To work successfully in these conditions, entrepreneurs must know effective management methods, be able to determine the limits of risk and choose the most suitable options. All this depends not only on the natural entrepreneurial ability, but also on the level of knowledge, qualifications and skills of each entrepreneur.

Entrepreneurship is the process of investing one's own property in a business in market conditions, and the market situation is always characterized by variability and uncertainty. This means that entrepreneurial activity is always associated with certain risks. The experience gained in our country and abroad shows that there is no entrepreneurial activity without risk. That is why the life of those who are engaged in entrepreneurship is full of hopes and disappointments, hard work and anxiety.

Entrepreneurs are among those who are ready to work with increased risk. He can solve problems on projects with a high degree of risk or engage in business with a low level of risk.

Entrepreneurial risk-characterizes the activity of an entrepreneur in conditions of uncertainty, with the hope for the best, when he is ready to assume possible losses on property or profit (full or partial).

The nature and origin of the types of risks associated with the activities of an entrepreneur can be classified as follows •

* risks associated with natural processes;

* risks of production activities;

* risks associated with the transportation and storage of products;

* commercial risk;

* financial risks;

* political, economic and social risks.

The types of risks are different, some of which arise as a result of the company's activities, and other types are caused by external factors.

Table 12.1

Types of risk	**Структура**
Risks associated with natural processes	- risk of natural disasters (earthquakes, fires, floods, heavy rain, hail, drought, etc.); - risks associated with sudden changes in natural and climatic, weather conditions, etc.
Production risk	- risk of disruption or delay of the production process; - risk of disruptions in the supply of material resources; - - risk of physical and moral aging, breakdown and damage of technological equipment; - hazards associated with the destruction, collapse and precipitation of buildings; - the risk of production of defective products due to low-quality raw materials; - the risk of injury to workers as a result of non-compliance with safety regulations, etc.
Risks during storage and transportation of products	- losses and damages that may occur during the transportation of goods by road; - risks of excess losses and spoilage during product storage; - losses that may arise as a result of theft or looting of stocks.

Commercial risk	- the risk of adverse changes in market conditions; - risk of falling consumer demand; - the risk of a sharp increase in supply on the market; - risk of non-sale of the product; - the risk of falling competitiveness; - the risk of a sharp drop in product prices, etc.
Financial risks	- risk of money depreciation and inflation; - risk of negative exchange rate fluctuations; - the risk of non-repayment of investment costs; - risk of lack of cash flows and lack of working capital; - risk of unjustified increase in accounts receivable and accounts payable; - risk of non-payments; - risk of securities impairment; - the risk of non-repayment of loans received, etc.
Political, economic and social risks	- the threat of national conflicts, military conflicts, riots and terrorism; - risk of strikes, corruption and crime; - sudden changes in tax, customs and other regulatory documents; - economic instability and declining growth rates; - the risk of complicating export and import procedures.

Risks that do not depend on external factors can often arise for the following reasons:

- making incorrect decisions on the part of management in production, commercial, financial and other areas;

- errors in the selection and placement of personnel;

- irresponsible attitude of employees to their duties;

- incorrect definition of the business development strategy and business plans;

- implementation of unjustified projects, due to lack of clear calculations on them;

- inadequate control over income and expenses;

- an irresponsible approach to the selection of external business partners;

- incorrect and inaccurate accounting;

- incorrect and inaccurate development of reporting forms;

- the lack of constant monitoring of market conditions, the competitive environment, the ratio of supply and demand, consumer behavior and other factors.

The company's managers can regularly monitor these risks and take certain measures to reduce possible damage.

The types of risks arising from the impact of external factors do not depend on the actions of managers or employees of the enterprise, but are often affected by emergency circumstances.

Since any commercial firm carries out risk-related activities, it constantly identifies types of risks, sets acceptable limits and looks for ways to protect itself from their serious consequences.

The activity of determining the levels of risks, finding ways to prevent their negative impact and developing measures to reduce potential losses is called a risk management system. The entrepreneur's activity in the field of risk management is aimed at protecting against risks that threaten the profitability of the enterprise.

Rational risk management increases the company's chances of success in the long term and significantly reduces the risk of deterioration of its financial condition.

It is important for an entrepreneur to know the risks that arise, but this is not enough. The main thing is to determine the exact type of risk and assess its impact on the company's activities, on specific economic indicators, possible financial and economic consequences. Risk management includes several complementary stages.

Risk management determines the most likely types of risks that are analyzed, and the expected level of damage is calculated. At the next stage, measures will be developed to prevent, mitigate or insure against possible harm and methods to combat it. At the last stage, measures will be taken to compensate for the damage, analyze and eliminate the consequences.

In general, risk management allows an entrepreneur to use resources more efficiently, distribute responsibility, and improve the results of the company's activities by providing the necessary protection against risks.

11.2. Risk assessment methods

In risk management, the main attention is paid to its assessment.

Risk assessment is the determination of its level by quantitative or qualitative criteria.

Determining the probability of risk can be done in various ways. The scientific literature lists 4 ways to assess business risks:

* Statistical method;

* Expert method;

* Analytical method;

* Combined method.

The statistical method examines the cases of risks at the enterprise and related entities and their consequences over several years, the degree and extent of the damage caused by them.

Expert methods take into account the opinions, accurate calculations and recommendations of highly qualified specialists with extensive experience in this field.

The analytical method evaluates the level of risk using economic and mathematical methods, situational business games and models of probability theory.

The combined method is implemented using all or several of the above methods.

In the process of risk management, an entrepreneur is faced with the question of choosing one of the adequate methods, that is, the one that corresponds to the content of the risk. To do this, the entrepreneur must analyze all the facts. The validity of the assessment of business risk and the accuracy of calculations depends on the qualification of specialists and the study of all the circumstances of this risk.

The level of risk acceptable for economic activity is usually determined by analyzing such indicators as the value of assets and equity, cash flow, solvency, net profit and profitability.

There are acceptable, serious and extremely dangerous (high) risk levels.

It is advisable that the amount of possible losses probable at the level of acceptable risk does not exceed the actual net profit of the entity.

The amount of the loss is Net profit.

The amount of losses at the level of serious risk is greater than the net profit of the enterprise, but cannot exceed the value of its current assets that provide the current liquidity of the enterprise.

Losses at a high level of risk may exceed the value of current assets that provide the current liquidity of the enterprise and equal the amount of equity. An extremely high risk can lead to the bankruptcy of the enterprise.

Current liquid assets <Amount of damage Equity.

When the amount of the loss exceeds the company's own capital (Losses> Private capital), the company loses its solvency and is declared bankrupt.

Coefficients can be used to assess the risk. You can calculate the risk coefficients relative to net profit, current liquidity and equity:

Losses Losses Losses

Kchp = ---------, Ktl = ---------- Ksk = ----------

Net income Current assets equity

When calculating risk factors, the following should be taken into account. If the calculated risk coefficient for net profit suddenly increases, it means that the loss has exceeded the acceptable level before the risk, and it is necessary to compare the amount of the loss with the current liquid assets of the enterprise. When the calculated risk ratio for current liquid assets exceeds, it means that the risk level is too high for the enterprise, and it is necessary to compare the amount of the loss with its own capital. All three calculated risk coefficients should be less than or equal to one, and such levels are perceived as acceptable.

The larger the company's own capital, the higher the production efficiency and profitability, the liquidity of current assets, the less the company is exposed to risk, and the entrepreneur can successfully solve business problems even with a wide range of risk fluctuations.

The risk assessment depends on the competence of the individual, which is determined by many factors. Conservative entrepreneurs tend to avoid any potential risks, as they usually do not strive for innovation. Other categories of entrepreneurs choose risk if the risk is within the normal range and can be assessed and prevented or reduced. According to many experts, success in business is impossible without risk.

The attitude to risk also depends on the amount of capital that the entrepreneur owns. For example, if a businessman's capital is 100,000 soums, the loss of 20,000 soums is a huge loss. If the capital size is 10 million soums, then a risk of 20,000 soums cannot create a noticeable danger for the business.

11.3. Ways to reduce the risk

The existing uncertainties and risks encourage the entrepreneur to carefully analyze the usefulness of his project, rationally organize production and other expenses, effectively use fixed assets and working capital, as well as correctly establish a pricing policy. Otherwise, the business may be in crisis.

There are several ways to reduce the risk:

1. Avoid the occurrence of risks.

2. Reduce the impact of risk.

In the first case, the entrepreneur tries to avoid any risks that may jeopardize his business.

In the second case, the entrepreneur seeks to reduce the impact of risk on the production and financial activities of the enterprise.

When determining the directions of risk reduction, it is necessary to take into account the following:

• if the entrepreneur's activity is inevitably associated with risk, then it is impossible to avoid it;

* avoiding one type of risk can lead to another;

* risk avoidance limits business opportunities in high-yield industries;

• the larger the scale of business activity and the greater the expected profit, the higher the probability of risks, etc.

When reducing the risk, the entrepreneur can assume the impact or consequences of the risk, distribute or transfer it to others, while reducing the risk .

Taking the risk on yourself can be in the following forms:

1. Planning the creation of special reserve funds to cover losses.

2. Compensation for losses or damage from unplanned risks from profit or at the expense of assets.

The creation of pre-planned reserve funds means the process of self-insurance. The subject creates a special fund (risk fund) at the expense of deductions from profits in case of emergency situations. For example, a large business entity does not want to insure cheap equipment against accidental damage through a special insurance company. Self-insurance is recommended and considered appropriate if there is a low probability of risks. However, since the reserve fund is a dead capital that does not bring profit, entrepreneurs will strive to reduce such savings.

In the second case, that is, by taking an unplanned risk, a commercial firm will have to compensate for losses incurred as a result of the risk from profit or at the expense of assets. If the losses exceed the profit, you should give up some of your current liquid assets or part of your equity.

Another way to reduce entrepreneurial risk is to reduce losses by distributing or combining risk.

The distribution of risk is usually carried out through the distribution of the firm's assets.

The property is transferred to various members of the entrepreneur's family or to corporations and trust firms established for this purpose. United around a single goal, members of a business family or a group of entrepreneurs (a corporation, a concern, etc.) will distribute among themselves the profits and losses that may arise as a result of risk.

One of the ways to reduce risk by distributing risk is diversification. Its essence lies in the distribution of capital and commodity resources between different types and areas of activity. If losses have arisen as a result of a certain type of risk, they are compensated by profits from other non-exposed or less exposed activities.

Diversification allows you to reduce risks in the areas of production, commercial and investment activities. Diversification can be carried out in the following areas •

* capital expenditures for several types of activities;

* investing in high-yield securities of various types;

* increase in the number of external logistics partners;

* production of goods that meet the needs of the market and consumers, covering different segments;

* implementation of various pricing policies in accordance with market conditions and consumer segments;

* using the services of various transport organizations;

* storage of stocks in different places, etc.

In practice, diversification can not only reduce the risk, but also increase it. The risk increases when an entrepreneur spends his money on inefficient production activities.

Risk consolidation is the result of a merger of two or more enterprises, and as a result, the newly created enterprise will have more assets than its predecessors. Consolidation of their capital by entrepreneurs in order to reduce risks will allow them to divide profits and losses between them. This does not save the company from risk, but it helps to significantly reduce its level.

Risk transfer or risk transfer is another way to reduce entrepreneurial risk. In this case, the risk is transferred to another legal entity on a contractual basis.

There are good reasons that make the transfer of risk beneficial for both parties:

1. The amount of losses that may be incurred may be greater than the losses during the transfer of risk.

2. The external entity taking the risk may know more effective ways to reduce risks and have more opportunities to reduce the risk.

3. If the risker can protect himself from possible losses by making a specific payment, the risk taker will be able to receive income from such payments.

There are the following forms of risk transfer:

1. Construction contracts - by concluding such a contract, the entrepreneur transfers all the risks associated with the construction of various objects to the construction company.

2. By signing a contract for the storage and dispatch of goods, the entrepreneur transfers the risks of damage from possible losses and damage during storage and transportation to the transport company for a certain amount.

3. The contract of sale, service and supply allows the entrepreneur to reduce potential losses by transferring the risks of distributing goods and services to distributors. In the same way, the subject, as a consumer, during the warranty period, transfers the risk of damage and defects of fixed assets and equipment to the company that produced or sold them.

4. Rent is one of the most frequently used methods of risk transfer. One of the most common types of lease in recent years is a financial lease or leasing. The lessor rents out his property for a certain period of time and transfers to the lessee the risk associated with the safety and use of the property.

5. Factoring is a contract for the purpose of reducing the risk of debt repayment by an entity that transfers the risk to an intermediary for debt collection. When there are problems with receivables and payables between companies, i.e. when the supplier will not be able to receive payments on the delivered products in

a timely manner, or the debts become doubtful and the probability of their recovery decreases, the practice of factoring is applied.

When factoring, an intermediary company (usually a bank) gets the right to collect the debt and charges a certain commission for its service from the amount being collected. With the conclusion of a factoring agreement, an economic entity receives a part of the amount of the recovered debt from the bank in the form of a factoring loan. Further, the factoring company sues for the debt or takes other measures to recover the debt.

The advantage of factoring is that it allows you to partially solve the problems of non-payments.

6. Insurance is one of the most effective ways to transfer risks associated with the company's activities. In the case of insurance, risks that may be caused by the production, commercial, financial activities of the subject or natural factors are transferred to the insurance company on a contractual basis for a certain fee. If the subject suffers losses as a result of any type of risk, most of the damage will be covered by the insurance company.

The object of insurance can be:

* property insurance against damage, damage, fire and other natural disasters, i.e. property insurance;

* insurance of goods received and sent by the subject;

* non-repayment of borrowed funds, that is, credit risk insurance;

* insurance of mortgaged property;

* insurance of agricultural crops and livestock against natural disasters, diseases and pests;

* insurance of personnel against accidents, etc.

7. Hedging or is a form of risk insurance through futures contracts in order to minimize losses from fluctuations in prices or exchange rates in financial or commercial activities .

The contract for insuring the risk of price changes (exchange rate) is called a "hedge". The hedging entity is called a "hedger".

There are two types of hedging:

1. Hedging against an increase;

2. Hedging against a decline

Hedging against an increase is used in cases when it is necessary to insure against further price increases (exchange rates) on the material resources consumed by the subject. For example, it is assumed that the price of a resource (or the exchange rate, the price of securities) will increase in three months, and the subject will need the resource after the expiration of 3 months. To compensate for the price increase, it is necessary to have a contract for the purchase of resources at current prices. Even if the cost of the resource increases after 3 months, the entity that sells the futures contract undertakes to deliver the resource at the price of the contract three months ago. Thus, the insurer performing a hedge hedger will insure itself against future losses from price increases.

Hedging against a decline is an exchange operation in order to avoid risks from a future decrease in the price of a commodity, including the sale of a contract for the purchase and sale of a commodity on the futures market at the level of current prices. A hedging entity, having sold a commodity contract for its future sale on the exchange, is trying to insure against future losses.

For example, a farmer engaged in fattening plans to sell 50 steers of 500 kg each in 6 months. After analyzing the market, the farmer assumed that in 6 months the price of 1 kg of meat will fall from 10,000 to 8,000 soums. In this case, he will seek to sell the contract for the sale of 250 quintals six months later at the current price (10,000 soums) in order to insure against the expected losses from lower prices.

The hedger seeks to minimize the risk of uncertainty in the market by selling or buying futures contracts.

11.4. Hedging

Paragraphs 121-164 of IAS 39 define the rules for reflecting in the financial accounting of transactions and hedging items that should be included in the financial statements. If there is a hedging relationship between the hedging instrument and the corresponding hedged item, the accounting (recognition) of profit or loss must meet the requirements for accounting for fair value hedges or cash flows (paragraph 121).

Hedging involves the proportional repayment of changes in income from changes in fair value or cash flows related to the hedging instrument and the hedged item. The potential losses on an option, the seller of which is the company itself, may be greater than the potential increase in the value of the hedged item. Thus, the sale of an option is not effective in relation to the loss of net profit or reducing the risk of losses.

Therefore, the sale of options is not a hedge. Except in cases when the sale of an option is used in conjunction with the purchase of an option, including an option included in another financial instrument. The sale of an option used to hedge a revocable debt instrument is not a hedging instrument. Conversely, the potential benefit from buying an option is greater than or equal to the loss, so there is a possibility of obtaining a net income or loss as a result of changes in fair value or cash flows. Therefore, the purchase of an option meets the requirements of a hedging instrument (Article 124).

Hedged items can be an asset (liability) that is recognized in the balance sheet as a hedged item, an unrecognized liability in the balance sheet, or an agreement for which there are currently no obligations, but are expected in the future ("projected contract"). A hedged item may consist, firstly, of a separate asset, liability, fixed liability or expected contract, or, secondly, of a group of assets, liabilities, fixed liabilities or forecasted contracts.

In the second case, individual elements of the group have the same risk characteristics. Unlike loans and receivables, held-to-maturity investments cannot be considered a hedged item for hedging interest rate risk. The fact that investments are included in the category "held to maturity" means that the corresponding changes in interest rates are not taken into account (the rejection of probable benefits). However, held-to-maturity investments can act as a hedged item to hedge currency risks and risks of non-repayment (paragraph 127).

A non-financial asset or liability can act as a hedged item only a) with respect to currency risk or b) completely with respect to all risks. Because it is difficult to determine and measure cash flows or other fluctuations in fair value for certain risks other than currency risks (paragraph 129).

There are three types of hedging relationships:

a) fair value hedging is the hedging of losses from changes in the fair value of an asset (liability) or a specific part of this asset (liability), which relates to a specific risk and affects the net profit of the reporting period;

b) cash flow hedging is the hedging of losses from changes in cash flows. It, firstly, refers to a specific risk associated with an asset or liability recognized in the balance sheet (for example, hedging future individual or all interest payments on a debt obligation with a floating interest rate), and also refers to the risk associated with an expected contract (hedging an expected purchase or sale); secondly, it affects the net profit or loss of the reporting period. A hedge of an unrecognized obligation in the balance sheet to buy or sell an asset at a fixed price, regardless of the risk of changes in fair value, is accounted for as a cash flow hedge;

c) the hedging of net investments in a foreign company is accounted for in accordance with IAS 21 "The Effect of Changes in Foreign Exchange Rates" (paragraph 137).

IAS 39 states that hedging relationships are accounted for only if the following conditions are met in accordance with the rules of this standard:

a) with the beginning of the hedging relationship, the company's risk management tasks and the hedging strategy are set out in official documents. These

documents establish the hedging instrument, the hedged item or contract associated with it, the nature of the hedged risk, and also determine how the company assesses the effectiveness of the hedged item with respect to reducing losses from changes in fair value and cash flows;

b) it is expected that hedging a specific item in accordance with a previously developed risk management strategy will be a highly effective tool that provides compensation (loss coverage) associated with the hedged risk of changes in fair value or cash flows;

c) when hedging cash flows, the probability of the expected contract should be high, this contract should be exposed to the risk of changes in cash flows that ultimately affect the net profit or loss;

d) the effectiveness of the hedge can be reliably estimated, i.e. the fair value of the hedge object can be reliably determined or the cash flows can be estimated, and the fair value of the hedging instrument can also be reliably determined;

(d) The hedge assessment was carried out on a regular basis, and its effectiveness was high throughout the reporting period (paragraph 42).

As a rule, a hedge is considered highly effective when it is hoped that from the beginning of the hedge to its end, changes in the fair value or cash flows will be fully offset by the fair value of the hedging instrument or changes in cash flows. In this case, fluctuations in the actual results between 80 and 125 percent are considered acceptable. For example, if the expected loss before hedging is 120, and the profit on the hedging instrument in the money market is 100 , then the recovery results can be estimated as 120: 100 or 83 percent. The Company may conclude that the hedging was highly effective (paragraph 146).

When evaluating the effectiveness of hedging, it is usually necessary to take into account the time value of money. The fixed rate registered for the hedge object does not necessarily have to coincide with the fixed swap rate used for fair value hedging. Similarly, the variable rate on an interest-bearing asset (liability) does not necessarily have to correspond to the variable swap rate used to hedge cash flows. The fair value of the swap is determined by calculations based on the remaining

amounts. Fixed and floating rates fixed in the swap can be replaced with each other if they have both changed by the same amount, without affecting the calculations on the remaining amounts (paragraph 152).

If a fair value hedge in the reporting period meets the special hedge accounting conditions set out in IAS 39, it should be accounted for as follows:

(a) the gain (loss) from the revaluation of the hedging instrument at fair value should be immediately attributed to net profit or loss;

b) the carrying amount of the hedged item of material should be adjusted to take into account the profit (loss) related to the hedged risk. This profit (loss) should be immediately attributed to the net profit or loss account. This rule also applies when the valuation of an object is accounted for at fair value, and changes in fair value are reflected directly in the capital accounts. The same applies to cases where the hedged items are estimated at actual expenses (paragraph 153).

If you encounter any of the following situations, the company should stop the hedge accounting (i.e., stops the recognition of hedging significant):

a) has either expired hedged instrument, or it was sold or performed (for such purposes, replacement of the hedging instrument other tool or the extension of the expiration date, if this is part of a documented hedging strategy, the company is not regarded as an end or a termination tool);

b) the hedge no longer meets the criteria for hedge accounting (paragraph 16).

If, during the reporting period, a cash flow hedge meets the specific accounting requirements set out in IAS 39, it should be accounted for as follows:

a) part of the profit or loss on the hedging instrument, the effectiveness of which is determined, should be attributed directly to the equity account in the statement of changes in equity;

b) the inefficient part should be reflected as follows:

1) in net profit or loss when the hedging instrument is a derivative instrument;

2) in rare cases, when the hedging instrument is not a derivative instrument, or in net profit (loss), or, when permitted by IAS 39, directly in equity (paragraph 158).

If a hedged fixed liability (an expected contract) results in the recognition of an asset or liability, then at the time of recognition of this asset or liability under the rules of line 2 above, the corresponding gains and losses attributed to the capital account are deducted from the capital accounts and included in the cost of acquisition, in the initial measurement or in the carrying amount (paragraph 160).

In all cases, except for those described in the previous paragraph, when the hedging of cash flows, all amounts charged or credited to the capital account, should be reflected in the net profit or loss of the period or periods during which the hedged fixed obligation or the hedged expected contract has an impact on net profit or loss (for example, during the actual implementation of the expected sales) (paragraph 162).

Companies need to stop the account in the above hedging if there is any of the following circumstances:

a) either the hedging instrument has expired, or the instrument has been sold or executed (for such purposes, replacing the hedging instrument with another instrument or extending the validity period, if this is part of the company's documented hedging strategy, is not considered as the end or termination of the instrument). In this case, it is necessary to separately reflect the profit (loss) received on the hedging instrument and attributed initially to the capital account during the validity of the instrument, before the actual execution of the contract, it should be separately reflected in the capital accounts. After performing the operation, the above general rules apply;

b) the hedge has ceased to meet the criteria for hedge accounting. In this case, the profit (loss) received on the hedge, which was reflected in the capital accounts, is separately reflected in the capital accounts until the actual implementation of the officially approved contract. which directly relates to equity, should be separately reflected in the accounts of capital transactions until the

expected or officially recognized transaction actually occurs. After performing the operation, the above general rules apply;

c) it is assumed that the expected contract will not be fulfilled. In this case, the net income (loss), directly chargeable to capital account shall be recognised in profit or loss for the reporting period (paragraph 163).

Hedges of a net investment in foreign production should be considered taking into account the cash flow hedge:

a) profit or loss on the hedging instrument, the effectiveness of which is determined, directly attributed on account of capital in the statement of changes in equity;

b) the inefficient part is shown as follows:

1) in net profit or loss when the hedging instrument is a derivative instrument;

2) in rare cases when the hedging instrument is not a derivative instrument, in accordance with the rules of IAS 21 "The effect of changes in foreign exchange rates".

The profit (loss) recognized as related to the effective part of the hedge should be classified as a positive or negative exchange difference (paragraph 164).

Questions for monitoring and discussion

1. Explain the nature of financial risks.
2. Describe the main types of financial risks.
3. List the principles of financial risk management.
4. What factors influence the high level of financial risks?
5. List the ways to reduce financial risks.

Chapter 12.

Cost management at enterprises

12.1. The essence, composition and elements of production costs

Each business entity bears the costs associated with the production process. The material resources spent in the production process (depreciation of fixed assets, materials, seeds, fertilizers, fuels and lubricants, spare parts, etc.) and the cost of live labor are production costs.

The costs of the enterprise arising as a result of production, sales and other financial and economic activities can be classified as follows (Schedule 7):

1. By participation in the production process:

* production costs;

* non-production expenses.

2. According to the sources of consumed production resources:

* internal costs;

* external costs.

3. In relation to the change in the volume of production:

* fixed costs;

* variable costs.

4. By attribution to the cost of the product •

* direct expenses;

* indirect costs.

5. On the occurrence as a result of general production, financial, economic and other economic activities of the enterprise:

* production costs;

* expenses of the period;

* costs of financial activities;

* extraordinary losses.

Production costs consist of the following costs directly related to the production process •

* direct material costs;

* direct labor costs;

* overhead costs associated with production.

Costs that are not directly related to the production process are called non-production costs. They include:

* expenses related to the sale of products;

• administrative management costs;

• other operating expenses and losses;

• costs of financial activities;

* extraordinary losses.

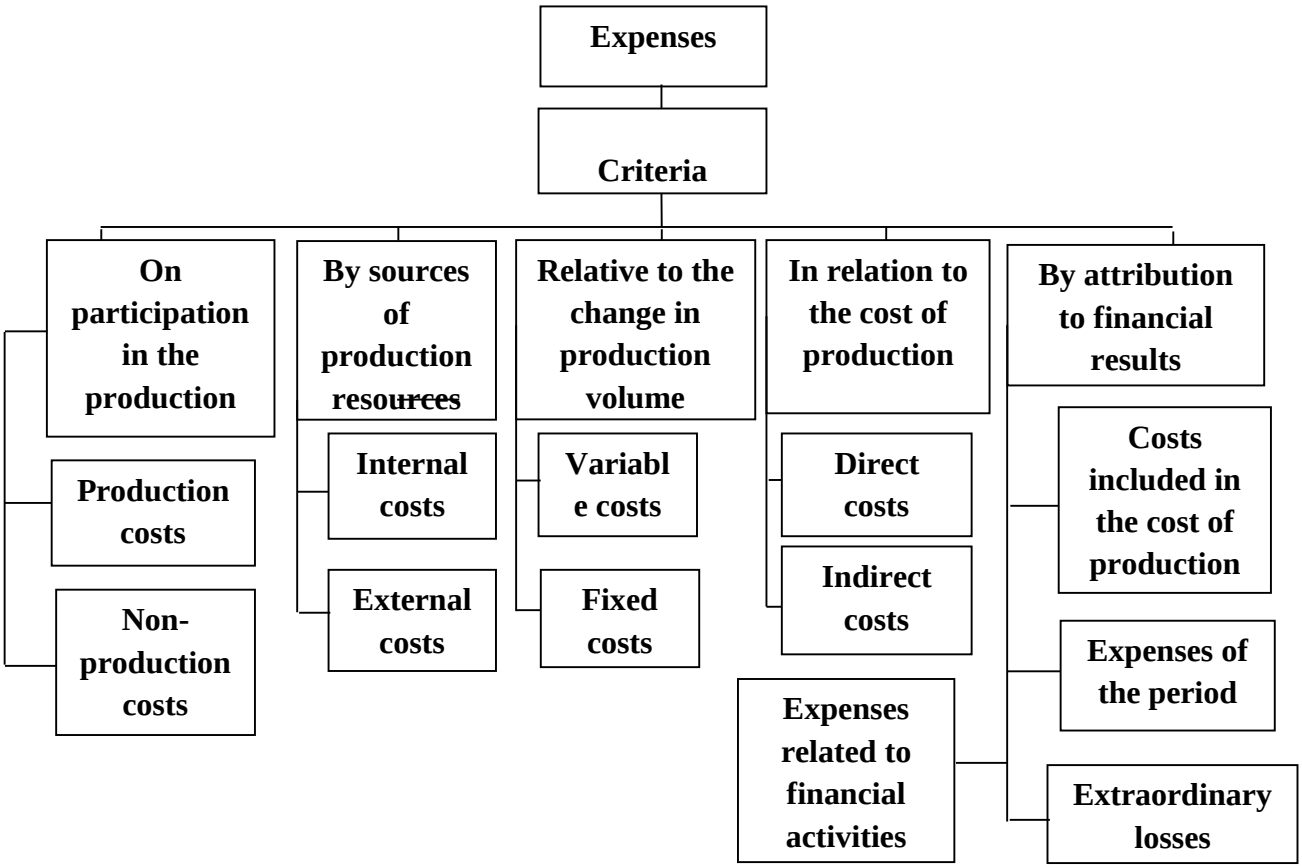
Internal costs of the enterprise are the costs of its own resources used in the production process, external costs are the costs of resources purchased from external suppliers and other entities.

In the short term, fixed and variable costs are distinguished in relation to production volumes.

Fixed costs do not depend on changes in the volume of production, but represent fixed costs that the enterprise must carry out over a certain period of time. Examples are depreciation of fixed assets, salaries of management personnel, insurance payments, telephone subscription fees, etc. A characteristic feature of fixed costs is that with an increase in the volume of production, fixed costs per unit of production decrease.

Figure 12.1

Classification of enterprise costs



The value of variable costs changes with an increase or decrease in the volume of production, it is proportional to the volume of production. Variable costs include wages and deductions to employees, costs of raw materials, fuel and lubricants, fuel and energy, transportation costs and expenses of other resources. A distinctive feature of variable costs is that an increase in output does not affect the change in variable costs per unit of production.

The sum of fixed and variable costs form the total costs of the economy. There is also the concept of average total costs per unit of production. The average fixed costs are calculated by dividing the sum of fixed costs by the volume of production. Similarly, the average variable costs can be found by dividing the sum of variable costs by the volume of production.

At the early stage of production, when material resources and fixed assets are not yet fully utilized, average fixed costs are usually high and tend to decrease

as production increases. The average variable costs decrease until the production volume reaches the optimal threshold, but then the average costs increase due to the inefficiency of the excess resources involved in production.

The production costs of each subsequent unit of production are called marginal costs. They can be calculated by dividing the volume of additional products received by the amount of additional costs incurred. Marginal costs show how much the last additional unit of production costs the enterprise.

Certain types of production costs can be directly included in the cost of the product. These include the wages of production workers and the consumption of consumed material resources. These types of costs are called direct production costs .

Some types of resources are involved in the creation of several different types of products (for example, vehicles and wear and tear of technological equipment). The costs for them will need to be distributed in proportion to their participation in the creation of products. Such costs are called indirect production costs.

The costs incurred in the manufacturing, operating, financial and other activities are classified according to the "Regulation on the composition of the cost of production and sales of products (works, services) and the formation of financial results," approved by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 54, dated 5 February 1999:

1. The cost of forming the cost of production divided by its economic content on the following elements:

* material production costs;

* labor costs of a production nature;

* social insurance contributions related to production;

* depreciation of fixed assets;

* other costs of production value.

2. Elements of expenses of the period that are not included in the cost of production, but are taken into account when determining profit from core activities

* management costs;

* costs for storage and sale of products;

* other operating expenses.

3. Expenses on financial activities that are taken into account when determining the profit from the general economic activities of the enterprise:

* interest payments;

* payments for long-term lease (leasing) of property;

* negative exchange differences on foreign exchange transactions;

* revaluation of investments in securities;

* other expenses related to financial activities.

4. Expenses for compensation of losses incurred as a result of events that do not correspond to the usual activities of the enterprise, which have not been repeated for several years, which arose regardless of the decisions of the enterprise (the owner of the property) (flood, fire, rain, hail and other natural disasters and changes in the laws of the country).

12.2. Classification of costs included in the cost of production

The cost of production of products (works, services) expresses the cost estimate of natural resources, raw materials, materials , fuel, energy, fixed assets, labor resources, as well as other costs associated with production spent in the production or processing of products (performance of works, provision of services).

The cost of production (works, services) includes costs directly related to the production of products (works, services), due to the technology and organization of production. These include:

- direct costs for materials;

- direct labor costs;

- indirect costs, including overhead costs for production purposes.

The costs that form the production cost of products (works, services) are classified according to the following economic elements:

- material costs of production (the cost of used waste is deducted);

- direct labor costs for production;

- depreciation of fixed assets and intangible assets related to production;

- other costs related to production.

Material costs related to production include the following items:

- raw materials and materials purchased on the side that are part of the product and form its basis or are a necessary component in the manufacture of products (performance of works, provision of services) ;

- materials purchased to ensure the normal technological process necessary for the production of products and for packaging products and for other production needs, as well as the cost of inventory, spare parts for repairs, household accessories and labor tools that are not part of fixed assets;

- components and semi-finished products purchased for installation and additional processing;

- works and services of an industrial nature that are not related to the main activity of the enterprise, performed by outside organizations or individuals, as well as by the enterprises and farms of the enterprise. The work and services consumed in the production process include the execution of operations for the preparation of products, processing of raw materials and materials; conducting tests to determine the quality of raw materials and consumables; monitoring compliance with established technological standards; repair of main production facilities, etc. Transport services of outside organizations for the transportation of goods within the enterprise (delivery of raw materials, materials, devices, parts, semi-finished products and other various goods from the base (central) warehouse to the workshops, transportation of finished products to storage warehouses) also refers to services of a production nature;

- payments for obtaining natural raw materials (deductions for land cultivation, payments to specialized enterprises for land cultivation), payments for obtaining wood from forest territories as materials, payments for water received by industrial enterprises in the water management system (within the norms and above). Amortised cost of the right to use timber for raw materials industries or the cost of minerals (ores) or environmental protection costs;

- all types of fuel purchased from outside, all the energy of which is consumed in production, used in the performance of work by the enterprise's transport for production, for technological purposes, for heating buildings;

- all types of energy purchased for technological, transport and other production and economic needs of the enterprise (costs for the production of electricity and other types of energy at the enterprise, as well as for the supply of purchased energy to the places of consumption, the costs of reducing capacity are included in the corresponding cost items);

- lack and damage of material resources;

- the expenses of transport and employees of the enterprise related to the supply of material resources (including loading and unloading operations) are included in the corresponding items of production costs (labor costs, depreciation of fixed assets, material costs, etc.);

- the cost of material resources includes the costs of the enterprise for paying for containers and packages to suppliers of material resources;

- the actual cost of waste, packaging and packaging is deducted from the cost of material resources included in the cost of production in the prices of sale, use or arrival at the warehouse. In accordance with the technology implemented at the enterprise, the remnants of material resources transferred to other workshops and divisions as full-fledged raw materials or materials for the subsequent production of such or other products are not included in the waste (works, services) deducted from the cost price.

The assessment of waste deducted from the cost of production is carried out as follows:

- if the waste can be used for the main production, for the needs of auxiliary industries, for the production of consumer goods (cultural and household goods and household goods) or sold to the side, at the price of possible use;

- if waste is sold to the side of use as a full-fledged resource, it is accounted for at the full cost of primary resources.

The cost of material resources reflected under the item "Material costs" includes purchase prices, surcharges, commissions to supply organizations, insurance costs, payments for the services of commodity exchanges, including brokers, customs duties and fees, transport costs.

Labor costs associated with production include:

- wages based on the forms and systems of remuneration adopted at the enterprise for piecework wages, tariff rates and salaries, for the work actually performed, including incentive payments provided for by the primary documents on the production plan;

- allowances to tariff rates and payments for professional skills and mentoring;

- compensation payments related to the order of work and working conditions, including:

surcharges to tariff rates and payment for work at night, after hours, on days of rest and holidays (non-working days), provided for in the table of the technological process;

allowances for multi-shift work, combining professions when performing duties and expanding the service area;

salary allowances for work in harsh, harmful, extreme conditions and in difficult natural and climatic conditions, including salary allowances for continuous work experience in such conditions, according to the lists of professions and jobs approved by the government;

daily allowances to the salary of employees of communications, railway, water, road transport, as well as employees who are in constant motion or whose

activities are mobile in nature for the period of time from their departure to work to return to the enterprise;

allowances provided for by the current legislation for work directly on construction, installation and complex repair work, as well as when performing work on a shift basis for the mobile nature of the work;

additional payments to employees who are constantly engaged in underground work for the normalized time of their stay on the road from the entrance to the workplace in the mine and returning back;

payment in accordance with the current legislation on the territorial regulation of labor remuneration, including according to district coefficients and coefficients for work in the desert, waterless and high-altitude territories;

payment in the amount of tariff rates and salaries for the days of stay on the road, from the place of collection to the place of work, when performing work on a shift basis, as well as in case of delays of employees on the way due to weather conditions or due to the fault of transport organizations;

- wages paid to workers, taking into account the total working time during the shift organization of work and in other cases, for the days off provided to workers, for work performed in excess of the legally established norms;

- payment for unworked time, including, in accordance with the legislation, payment for regular and additional labor holidays and compensation for unused labor holidays), for preferential working hours for teenagers, for breaks for young mothers to feed a child, as well as for the time of passing a medical examination;

- payments to employees while maintaining wages during forced leave;

- payment to donors after each day of testing and blood donation;

- wages for fulfilling state obligations (military training, emergency training, etc.).

- remuneration of employees who are not included in the staffing table for the performance of civil law contracts, including under a contract, if payments to employees are made directly at the enterprise;

- other types of payments included in the salary fund of employees involved in the production process, in accordance with the current legislation.

Deductions for social insurance of employees are accrued in accordance with the current legislation. These payments will be transferred to the state pension fund, the employment fund and trade unions.

The company can make contributions to non-state pension funds, voluntary medical insurance and other types of social insurance.

The cost of production includes depreciation of fixed assets and intangible assets for production purposes. The depreciation costs of fixed assets and intangible assets are as follows:

- depreciation of fixed assets of production, including those purchased on lease. It is calculated according to the legally established norms, based on the initial (replacement) cost and useful life (but not longer than the period of activity of the enterprise), including accelerated depreciation in accordance with the legislation;

- depreciation of intangible assets for production purposes. It is calculated based on their initial cost and useful life (but not longer than the service life of the enterprise). If it is impossible to determine the useful life of an intangible asset, it is taken as 5 years without exceeding the period of activity of the enterprise.

Other production costs include:

- costs for the maintenance of the production process, including:

the costs of providing production with raw materials, materials, fuel, tools, devices, other means and objects of labor;

expenses for the maintenance of production fixed assets in working condition (technical inspection and maintenance, average, current and capital repairs);

the costs of ensuring compliance with sanitary and hygienic standards;

the cost of creating a reserve for repairs. If necessary, enterprises with the permission of the Ministry of Finance of the Republic of Uzbekistan can create a reserve of funds for capital repairs. These deductions are reflected in the article

"Other production costs" and are determined based on the estimated value of the estimated costs. The deduction rates are reviewed at the end of each reporting year, and if necessary, they can be increased or decreased in the new financial year. If the reserves for repairs exceed the costs, the increase in the amount is deducted from the cost of production. If the repair cost exceeds the reservation, the excess amount is included in the "Other production costs";

- expenses for ensuring the requirements of fire protection and security, other special requirements provided for by the rules of technical operation of the enterprise and control. The costs of non-departmental protection can be included in the production costs of the product, if special protection of production is particularly required. Otherwise, they are included in the expenses of the period;

- costs associated with the current lease of fixed assets for production activities;

- current expenses related to the maintenance and operation of environmental protection equipment, compensation payments for environmental pollution and waste disposal;

- the costs of ensuring the rhythmic operation of labor safety equipment provided for by law, related to the peculiarities of production;

- the costs of protecting the health of employees directly involved in the production process;

- the cost of communal services, nutrition, food, free housing provided to employees of certain industries (or the amount of monetary compensation for housing, utilities, etc.);

- free provided in accordance with the current legislation of the items (including special clothes, special food), which remain in private use (or the amount of benefits in connection with the sale of them at reduced prices);

- costs for the maintenance of technical controls, communication networks, alarm systems, other technical controls, computer centers;

- payment to medical institutions for medical examination of employees, in accordance with the requirements of the legislation;

- travel expenses related to the production process;

- expenses for compulsory insurance of production personnel and production assets;

- losses from marriage;

- the costs of repair and warranty service of products for which the warranty period is established;

- losses from downtime due to internal reasons;

- the costs of mandatory product certification, capitalized costs are not included;

- benefits in connection with disability due to injuries received in the workplace, in accordance with court decisions or without them. Benefits in connection with occupational diseases;

- expenses related to the transportation of employees to the workplace and home in the absence of public transport service;

- insurance of construction risks during the construction of facilities at the expense of state capital investments;

- costs associated with the write-off in accordance with the established procedure of the corresponding part of the intangible asset-goodwill (company price) related to production property;

- costs of preparatory work in the mining industries, if they are not included in capital expenditures (i.e. not capitalized as fixed assets).

12.3. Costs covered from gross profit

Expenses of the period - expenses that are not directly related to the production process, in the category of expenses of the period. These include management expenses, commercial expenses and other general economic expenses, including expenses for research and development work. The third group of these costs is not related to production activities for production, but they are usually related to the general activities of the enterprise for production and sales, they are called other operating expenses. A significant part of the expenses of the

period does not depend on the volume of production and sale of products or goods, on the contrary, it is more related to the duration of economic activity. These expenses are summed up during the reporting period of their occurrence and are included in the financial results. The expenses of the period consist of the following expenses:

- costs for the sale of products;

- management costs;

- other operating expenses, including research and development work and costs for the development of production and management systems;

- expenses of the reporting period that should be deducted from the tax base in the future.

The implementation costs include:

- expenses for the transportation of goods by rail, air, road, sea, river and horse transport. These include fines paid for stopping vehicles;

- expenses for the sale of commercial enterprises and public catering enterprises, including: labor

costs related to the sale of products (works, services), except for the remuneration of administrative personnel;

accruals for wages for social insurance;

rent, maintenance and repair of buildings, premises and premises used for commercial purposes;

depreciation of fixed assets and intangible assets;

wear of sanitary clothing, towels and dishes, inexpensive inventory and household items, kitchen accessories and dishes;

gas, fuel and electricity costs;

costs for storage, processing and sorting of goods;

advertising expenses;

losses within and outside the norms during transportation, storage and sale of goods;

packaging costs;

compulsory and voluntary property insurance;

health and technical safety costs;

installation and maintenance of air ducts, current costs (non-capital) for fencing machines and their moving parts, holes, etc.;

wear of special clothing and special shoes;

payments to other enterprises and legal entities for washing, repairing and disinfecting special clothing, special shoes and other personal protective equipment, tablecloths and towels, as well as sanitary clothing;

the cost of materials for cleaning and repairing special clothing and special shoes;

payments to medical institutions for medical examination of public catering workers and sales personnel;

expenses for cash management and revenue collection;

the cost of paper napkins, tablecloths, glasses and plates, disposable items;

- expenses for market research (marketing, advertising);

- other expenses not listed above.

Administrative expenses include:

- the cost of paying for the labor of management personnel;

- deductions for social insurance of employees of the management apparatus;

- expenses for the maintenance, hiring and rental of official passenger cars and other minibuses;

- expenses for the organization and management of an economic entity and its structural divisions;

- costs for the maintenance and maintenance of technical controls, communication networks, warning devices, computer centers and other non-production technical controls;

- payments for rent, communication networks for services (PBX, mobile communications, satellite communications, paging and the Internet);

- payments for international and long-distance telephone calls;

- payment of rent of buildings and premises for administrative and managerial needs;

- expenses for the maintenance and repair of fixed assets for administrative purposes, as well as their depreciation;

- deductions for the maintenance of higher-level organizations and associations of legal entities: ministries, departments, associations, concerns, etc.

- expenses for mandatory and voluntary insurance of employees and property not related to the production process;

- travel expenses of management personnel;

- representation expenses;

- the cost of free provision of premises, payment of utilities to public catering enterprises, etc.;

- current expenses related to the storage and use of environmental protection products that are not directly related to the production process, compensation for environmental pollution and waste disposal.

Other operating costs include:

- expenses for training and retraining of personnel, with the exception of employees who will be employed in the newly introduced economic entity;

- costs for eliminating defects in design and construction and installation works, as well as for correcting damages and failures made during transportation to the warehouse at the facility, checking and eliminating the causes of defects in anti-corrosion protection (safety of equipment), to the extent that it is impossible to attribute responsibility for damage or loss to suppliers or other economic entities;

- payment for consulting and information services;

- payment for audit services;

- losses from the maintenance of their own service industries and farms;

- measures for the organization of health improvement and recreation of employees that are not directly related to the production process;

- expenses for the performance of works (services) not related to the production of the enterprise's products (improvement of the territories of a city or village, assistance to agriculture and other types of work);

- compensation and incentive payments, including:

compensation payments under the decisions of the Government of the Republic of Uzbekistan;

one-time bonuses and payments for long-term work, including in-kind payments by the decision of an economic entity , as well as the amounts of payments accrued on them to social funds;

payment for forced leave or performing low-paid work in accordance with the legislation or the decision of the enterprise;

additional payments to the actual salary established by law in case of temporary disability;

wages paid to employees of the main workplace during the period of training in the system of advanced training and retraining, on the job;

payment of additional leave to women who have two or more children under the age of 12 or disabled children under the age of sixteen, in accordance with the legislation;

provision of goods, products and other valuables to employees free of charge or performance of works, services for employees;

payment of staff expenses (for food, travel, vouchers for rest and treatment, excursions, sports clubs, clubs, club events, participation in cultural and sports events, subscription, goods for personal consumption, etc.);

- payments and expenses that are not taken into account when calculating wages, including: pension allowances, one-time benefits paid to retired labor veterans;

- payments to employees released in connection with the restructuring of the enterprise, reduction of the number of employees and the staffing table, in accordance with the legislation;

- financial assistance to employees;

- expenses for the maintenance of healthcare facilities, homes for the elderly and disabled, preschool children's institutions, health camps, cultural and sports facilities, public education institutions and housing facilities (including depreciation charges and all types of repairs);

- costs for the maintenance of temporarily suspended production facilities and facilities (except for costs covered from other sources);

- payment for banking and depository services;

- contributions to environmental, medical and other charitable foundations, cultural, educational institutions, healthcare, social security, physical education and sports institutions;

- mandatory payments to the budget, taxes, fees, deductions to state trust funds, which are carried out in accordance with the current legislation and are included in the expenses of business entities, as well as payment of membership fees to interstate organizations in accordance with Government decisions;

- losses, fines, penalties, including:

losses on canceled orders;

losses and shortages of material values that are not directly related to the production process;

losses incurred as a result of revaluation of production stocks and finished products using the low price or net realizable value method;

losses on operations with containers;

legal costs;

provisions for doubtful debts;

losses on write-off of overdue receivables and other unsecured debts, as well as losses on write-off of bad debts on settlements with legal entities and individuals in accordance with the legislation;

losses from operations of previous years revealed in the reporting year;

irretrievable losses and losses caused by natural disasters (destruction and damage to production stocks, finished products and other material values, losses

from production shutdowns, etc.), including expenses related to the prevention and liquidation of the consequences of natural disasters;

losses from theft, the perpetrators of which are not identified or there are no opportunities to cover them at the expense of the perpetrators;

losses from the disposal of the company's fixed assets and other assets (write-offs from the balance sheet);

expenses for the payment of established or recognized fines, penalties, penalties for overdue payments and other payments for violation of the terms of economic contracts and for compensation of losses;

fines and penalties for violation of tax and other legislation;

other fines paid;

- the difference in the price of goods (works, services) provided to employees or produced for a public catering enterprise of an economic entity;

- expenses related to the write-off of goodwill on property not related to the production process;

- expenses for the creation of new technologies and improvement of existing technologies, as well as for conducting research and development work on the creation of new types of raw materials and materials, re-equipment of production aimed at improving the quality of products;

- expenses for invention, innovation, experimental work of a production nature, development and testing of models and samples for inventions and innovation proposals, organization of exhibitions and inspections, competitions, certification and other events, payment of royalties and others;

- expenses for the repair of leased fixed assets;

- other expenses.

12.4. Expenses covered from net profit

Although some costs are included in the cost of production according to accounting legislation, tax legislation requires that they be reimbursed from the net profit that remains at the disposal of the enterprise after taxes are paid:

- payment for water used by economic entities in excess of the limits established in the water supply system;

- losses, shortages and damage of material values in excess of the established natural norms.

The costs of paying for the labor of production personnel and other employees of an economic entity are included back into the tax base in the following cases:

- free utilities, free food, free goods provided for free, free housing (or monetary compensation for them);

- other types of additional payments to employees, which are specified in clause I. 2. 7 of the section " Production cost of the Regulations on the composition of costs:

financial assistance (including a free initial payment for the construction of cooperative housing, for partial payment of the loan for the construction of cooperative and individual housing, free financial assistance to employees for partial repayment of loans for cooperative or individual housing construction).

additional leave granted to employees in accordance with the collective agreement (in accordance with the law), and compensation for them;

compensation of the difference in prices when issuing products to employees or for products produced by subsidiary farms of a business entity for providing public catering;

- payments related to travel expenses of employees in excess of the standards provided for by law, made by the decision of the heads of business entities.

Payments for social insurance related to production are covered from net profit in the following cases:

- contributions to state pension funds, voluntary medical insurance and other types of voluntary insurance.

The following depreciation of fixed assets and intangible assets is covered from net profit:

- with the accelerated depreciation method, the difference between the amount of accrued depreciation and the amount of depreciation determined in accordance with tax legislation.

The following other production costs are covered from net profit:

- payments for the discharge (discharge) of pollutants into the environment in excess of permissible norms;

- benefits related to disability due to occupational injuries, paid without the decisions of the relevant authorized bodies.

For the expenses of the period, the following elements are covered by net profit:

- advertising and marketing expenses in excess of the established norms;

- expenses for the maintenance of official passenger transport and official minibus, the costs of hiring and renting them;

- payments for rent and maintenance to mobile, satellite and paging nodes;

- payment for long-distance and international telephone calls in excess of the norm;

- deductions for the expenses of higher bodies and associations of legal entities, ministries, departments, associations, concerns and others;

- excess expenses for business trips of management personnel;

- representation expenses in accordance with the rules and regulations established by law;

- provision of free premises for public catering enterprises, payment of the cost of utilities for them.;

- payments for excess discharge of pollutants not directly related to the production process;

- expenses for training personnel in professions that do not correspond to the field of activity of the enterprise and in excess of the norms;

- costs for eliminating deficiencies in projects and construction and installation works, as well as for correcting damages and deformations made during transportation to the warehouse at the facility, checking and eliminating the causes of defects in anti-corrosion protection (safety of equipment), to the extent that it is impossible to recover from responsible suppliers or other economic entities;

- payment for audit services carried out on the initiative of one of the participants (owners) of the business entity;

- losses from the activities of its own service industries and subsidiary farms;

- expenses for health improvement and recreation that are not directly related to the participation of employees in the production process;

- expenses of economic entities for the performance of works (services) not related to production (improvement of cities and settlements, provision of agricultural assistance and other types of work);

- one-time bonuses and bonuses by the decision of an economic entity, payments for long service, including in kind, and amounts transferred to social funds;

- free delivery of goods, products and other valuables to employees or performance of works, services for employees;

- staff expenses (for food, travel, treatment and recreation, excursions, trips, sports clubs, clubs, clubs, cultural entertainment, sports, season tickets, personal and consumer goods, etc.); - one

-time payments to pensioners for retirement;

- financial assistance to employees;

- expenses for providing healthcare facilities, nursing homes and nursing homes, children's health camps, cultural and sports facilities, state educational and

housing institutions (including depreciation charges and expenses for all types of repairs), in excess of the norms established by local authorities;

- contributions to environmental, medical and other charitable foundations (if they are registered as legal entities), enterprises, institutions and organizations of culture, public education, healthcare, social security, physical culture and sports;

- excess losses and natural loss of material values that are not directly related to the production process;

- legal costs;

- provisions for doubtful debts;

- losses incurred in cases where the perpetrators have not been identified or the amount of money cannot be recovered from the guilty party;

- losses from the sale of fixed assets used by an economic entity for less than three years and other property (assets) of the enterprise, as well as write-off, transfer and other transfer of such fixed assets and other property (assets) of the enterprise and other reduction thereof;

- expenses for the payment of established or recognized fines, penalties, penalties for overdue payments and other payments for violation of the terms of economic contracts and for compensation of losses;

- fines and penalties for violation of tax and other legislation;

- other fines paid;

- other expenses.

The following expenses for financial activities are covered from net profit:

- payments for servicing short-term bank loans in excess of the rates established by the Central Bank of the Republic of Uzbekistan, as well as for overdue and deferred loans;

- payments for servicing long-term bank loans;

- expenses related to the issue of securities;

- discount on early repayment of securities, if this is not related to the repayment of budget debt.

12.5. Inventory costs

The legislation on accounting, or, more precisely, national accounting standards, indicates that the cost of inventory includes:

a) costs for the purchase of inventory items, including the purchase price, import customs duties and fees, commission fees paid to procurement and intermediary organizations, other taxes (except in cases where the enterprise can subsequently recover them back), freight costs (transport and procurement costs for the purchase and insurance of goods in transit) and other costs directly related to the purchase;

b) processing costs, costs directly related to the production of finished products, including:

- material costs of production;

- wages of workers engaged in the processing of raw materials and raw materials in the main production on machinery and equipment, as well as social insurance contributions related to production;

- indirect costs are the production costs associated with the maintenance of the production process. For example, the time-based wages of auxiliary workers, depreciation of fixed assets, current and capital repairs of fixed assets, as well as conditional fixed costs that are not related to changes in production volumes.

c) other expenses - transportation and other expenses related to the delivery of TMZ to the destination to maintain them in the appropriate condition (transportation of finished products to the warehouse, manufacturing of goods structures for individual orders, and others).

At enterprises providing services, the cost of TMZ consists of the following elements:

a) wages and social insurance contributions of employees directly related to the provision of services (including management personnel);

b) costs of auxiliary materials;

c) other overhead costs incurred during the maintenance process.

In all areas, the following costs are not included in the cost of TMZ (including the provision of services):

a) costs in excess of the norms (rational cost norms established at the enterprise) materials, labor, and other expenses not provided for in the plan;

b) the costs of storing TMZ between separate stages of the production cycle, if the technological process does not require it; c

) general and administrative expenses;

d) sales expenses.

3. Methods of calculating the cost of inventories:

a) The method of continuous identification - the cost of individual stocks or their batches are determined and accounted for separately and, accordingly, included in the costs when using them;

b) the weighted average cost method (AESO) – the cost of each unit of TMZ is determined as the weighted average value of the cost of TMZ at the beginning of the period and the cost of purchased and produced TMZ in the period. The weighted average value of a TMZ unit is calculated by dividing the total cost of TMZ by the total number of units of these stocks;

c) the method of evaluating TMZ at the prices of the first purchases (FIFO - first arrived - first left) - based on the assumption that the goods purchased earlier are used first and, accordingly, the cost of the goods purchased first should be the cost of the goods sold. The cost of the goods available at the end of the reporting period will be the cost of the last purchased goods. The FIFO method takes into account goods regardless of their physical movement, i.e. it implies only the movement of value. From this point of view, it can be used in any business sector. In conditions of inflation, this method exaggerates the amount of profit, since the first batches of stocks are bought cheaper. However, in the case of falling prices, the opposite process occurs;

d) the method of estimating TMZ at the prices of recent purchases (LIFO-last come - first left) – the cost of the first outgoing goods is determined by the cost of the last purchased goods, and the cost of inventory at the end of the reporting

period is calculated based on the cost of goods previously purchased. Using this method gives the lowest profit for inflation and the highest profit for deflationary processes. Consequently, the impact of the economic cycle on financial results. Profit is essentially determined by real costs and using the prices of the current period. The disadvantage of this method is that when it is applied, over time, the value of the cost of stocks moves away from their real value and does not reflect the real cost of replacing stocks.

The LIFO method allows you to defer tax payments in accordance with inflation. This method is not allowed in many countries of the world, including Uzbekistan. When using this method, earnings per share are also lower compared to the FIFO method.

International accounting standards do not recommend using the LIFO method when evaluating TMZ.

12.6. Cost planning

In a market economy, enterprise planning begins with determining the cost structure and a preliminary estimate of the cost of goods (works and services). Cost planning is very effective in determining the value of the inventory that will be used in the production process and the expected profits.

A preliminary assessment of costs and their comparison with the market price of the product will allow the company to focus on the production of competitive marketable products. It is based on the following points:

- accurate determination of production volumes;
- production technology;
- options for replacing materials;
- assessment of the profitability of using your own materials and services and those purchased from the outside.

In the process of developing the budget of production costs, estimates and the normative method are usually used.

In the estimated method, based on the plans of all divisions of the enterprise, summarizing them, a consolidated cost plan is drawn up for the entire enterprise.

The estimated method of cost planning is the most common method in Uzbekistan. Its application provides a unified system for planning the activities of the enterprise.

According to the standard method, the annual budget of production costs is compiled. Taking into account the annual production volume for individual products, chess tables of costs for economic elements and calculation items are developed for individual products.

After drawing up the chess tables, it will be possible to develop a consolidated cost budget of the enterprise for the planned period.

In international practice, the regulatory method is widely used when planning production costs. Standard costs are calculated using the following formula:

Nz = Nmz + Nzt + Nuh,

here:

Nz-standard costs per unit of production;

Nmz-standard material costs;

NZT-standard labor costs;

Nuh-regulatory overhead costs.

Regulatory overhead costs are expressed as a percentage of the amount of direct labor costs.

Standard labor costs

they are used for planning labor costs, the amount of which is determined by the following formula: Zrs = Pop x Nxt x Psz, here: Zrs - planned labor costs; Pop - planned volume of production in physical measurement; Nxt-standard hours of labor costs per unit of production; Psz-hourly wage rate (excluding bonuses).

During the implementation of the plan, it is necessary to assess deviations from the standard costs and identify the following reasons:

changes in direct and indirect costs as a result of deviations in the cost of the purchased material;

as a result of the costs of ensuring the quality of products;

as a result of changes in norms and regulations;

as a result of changes in the quantity of products, demand, the influence of the price factor or other factors of production.

Preliminary assessment and cost analysis makes it possible to abandon the production of those products that are expected to have a high cost and will not bring sufficient profit.

In planning with a preliminary cost estimate, all the necessary costs for the production of a standard product are taken into account, which allows for more efficient allocation of material, labor and other resources for the production of new products.

The estimated material costs are calculated on the basis of the planned volume of production cost standards and market prices of material resources using the following formula:

Mz = Pop x Nzr x Cr,

here: Mz –the amount of estimated material costs;

Pop-planned volume of production in kind;

Nzr – the rate of material consumption per unit of production;

Cr – the market price of the resource.

In order to have a complete idea of the labor costs at the enterprise, it is necessary to take into account the labor costs directly in the production process, as well as in general production, administrative and commercial processes, as well as approximate labor costs.

Having determined all the costs of the enterprise, you can calculate the full cost of production. If this indicator exceeds the market price, it actually means that the products are uncompetitive and appropriate measures should be taken to correct the situation.

One of the goals of planning the cost of certain types of products is effective control over compliance with the norms of consumption of raw materials and materials, fuel and energy used for technological purposes, and labor costs. Thus, for real control over the use of resources, it is important to normalize the costs of material and labor resources, planning production costs, administrative costs and product sales costs.

12.7. Using financial leverage in cost optimization

In a market economy, any enterprise uses the raised funds in its activities. Part of these funds will be used in the turnover of the enterprise as a result of current economic activities: the purchase of raw materials and materials without prepayment or partial payment, the use of short-term loans, short-term debt of the enterprise to other entities, and others. At the same time, there is a long-term attraction of funds from outside. These include long-term bank loans, the purchase of fixed assets in leasing and the issue of long-term bonds of the enterprise.

The most important difference between short-term borrowed funds and long-term borrowings is that in most cases the company does not pay remuneration to their owner for short-term borrowed funds. When these funds are not returned on time, the company incurs certain expenses (penalties, fines, penalties). To use long-term borrowings, you have to pay constant interest or incur other expenses. Such mandatory expenses, in turn, reduce the amount of profit and affect the financial position of the enterprise.

The ratio between the company's own funds and long-term attracted funds and its impact on the final financial results is expressed in the concept of financial leverage. The higher the share of funds raised in the sources of financial resources of the company's activities,the higher the level of financial leverage is considered.

Of course, attracting large amounts of money from abroad will allow the company's management to implement large and profitable projects. However, if for

some reason the revenue decreases or begins to grow more slowly, this will greatly affect the amount of profit that can be distributed to shareholders. This means that in conditions of high financial leverage, the level of financial risk for shareholders will increase. At the same time, it is important to remember that there are other sides to this issue. Expanding the financial capabilities and resources of the enterprise will increase profits and increase dividends. This requires a very effective use of the attracted financial resources.

In the conditions of market relations, it is necessary to regularly analyze the most important indicators of financial leverage at the enterprise. They may include:

1. The ratio of sources of own funds and borrowed sources (defined as the ratio of line to line 540 390).

2. Leverage ratio (the ratio of line to line 310 390).

3. The funding ratio (line to line 390 540).

4. The ratio of raising capital (line 540 to line 310).

5. The equity ratio (line to line 390 310).

6. Total liquidity ratio (lines 110 + 300 to line 540).

Changes in these coefficients reflect the most important aspects of the financial activity of the enterprise. But such an analysis requires an analyst to have a deep understanding of the nature of the enterprise's business, as well as financial knowledge. An increase or decrease in debt in the structure of financial resources cannot be assessed unilaterally. A company that has the ability to quickly expand its business will be able to use borrowed funds with high efficiency. This means that such a company should not negatively evaluate a high level of financial leverage. Conversely, an increase in leverage at an enterprise whose sales growth is limited by objective factors indicates an inefficient use of funds.

To develop a credit policy of an enterprise, it is necessary to carefully analyze the composition of the balance sheet and the ratio of own and borrowed funds. The question of short-term borrowing arises when there is a shortage of working capital. Of course, the expected effectiveness of short-term loans should be clearly calculated.

In certain cases, there is a need to borrow to form long-term assets. The most important criterion for making such a decision is that the profit from the use of the received long-term financial resources should be higher than the interest rate on long-term borrowing. When making decisions on long-term borrowing, it is necessary to draw up a debt repayment plan, determine the interest rate and sources of interest payments. In addition, the costs of attracting a loan are also taken into account.

The decrees of the President of the Republic of Uzbekistan of March 30, 2002 "On measures to limit the growth of the money supply and increase responsibility for compliance with financial discipline" and" On measures to further stimulate the development of the leasing system " of August 28, 2002 expanded the possibilities for long-term attraction of funds for enterprises. In particular, the Decree of March 30, 2002 granted enterprises greater rights to issue their bonds. The use of these rights imposes strict requirements on the financial control of the business to raise funds through bonds.

Questions for monitoring and discussion

1. What is the essence of financial cost management?
2. Which cost groups are included in the cost price?
3. What are the costs covered by gross profit?
4. What are the costs covered from net profit?
5. How is leverage determined?
6. Explain the essence of cost planning.

Chapter 13.

Management of the pricing process at the enterprise

13.1. The purpose and main directions of the company's pricing policy

The main and most reliable channel for the formation of financial resources of the enterprise is the money earned from the sale of products. This is closely related to the pricing policy. In business practice, product pricing is considered a marketing activity. But the basis of this activity is an objective financial orientation.

Price is the most difficult element of the market. It is an ever-changing, flexible, dynamic element that is responsive to market fluctuations. On the one hand, it is a monetary expression of the value of the goods (costs and the cost of the goods for them). On the other hand, the price of goods also depends on its usefulness for the buyer (the consumer agrees to pay for the goods to the extent that he can benefit from the consumption of this product, the higher the utility, the higher the price).

The price is the distribution of financial resources between the seller and the buyer, which means that the price, by its economic nature, is a distribution ratio. At the same time, it is a measure of how much the activity of a product manufacturer corresponds to meeting the needs of society (effective demand). Dissatisfaction with effective demand leads to an increase in the price of goods and more financial

resources are transferred to the disposal of the manufacturer, there is an expansion of production. On the contrary, if the goods produced do not really meet the demand, prices decrease and this serves as a signal for redirecting financial resources.

The pricing policy of the company takes into account a number of factors when initially determining the price. This policy will depend on the market segment, the product lifecycle, and the potential supply and demand for the product. The price and product policy of the enterprise is developed primarily based on the capabilities of the existing production, without neglecting the specifics of all its stages. The product whose production is possible can be offered. At the same time, an enterprise cannot achieve its goals without studying the market, adapting to it, and even trying to create its own market. Therefore, the financial policy of the enterprise should take into account the peculiarities of production, distribution, sale, use and consumption of products. At each stage, there are specific factors that affect the prices of goods. The prices of goods and services reflect costs, profit and profit margin, the ratio of supply and demand.

13.2. Types of prices and their forming factors

Prices are an important business management tool. Financial process management uses many types of prices. Wholesale prices apply to intermediaries, and retail prices directly relate to sales for personal consumption. Stable demand for the product allows you to use the list prices. In this case, negotiations with buyers are not necessary. And when negotiations are necessary, there are contractual prices or order prices. For a long period of production (for example, in construction), it is advisable to use estimated prices.

In all cases, the price should fully cover the production costs and bring a normal profit.

There are types of prices that differ in the distribution of costs associated with the delivery of goods from the area of production to the area of consumption, between the supplier and the consumer of products (Free, FOB, FOS, etc.).

1. When the prices are ex-warehouse of the supplier, the consumer (consignee) bears all the costs of transportation and processing from the supplier's warehouse to the consumer's warehouse. The supplier is free from these costs. Wholesale price ex-warehouse A is widely used. Local manufactured goods, as well as some construction materials and others are also sold at the same price. The same free prices apply when the consumer delivers materials from the warehouse of his supplier.

2. The prices of the free shipping station (pier) include additional costs of the supplier associated with the delivery of the material to the point of departure. However, with the exception of the costs of loading into wagons, ships and barges. The cost of loading, delivery of the product, its unloading at the destination and its delivery to the consumer's warehouse is not included in this free price. These prices actually release the supplier from responsibility for the complete and serviceable delivery of the material.

3. The prices of the exo-dispatch station-wagon include the costs associated with the transportation of goods from the warehouse to the departure station (pier, port), the withdrawal of wagons to the access railways, the payment for maneuvers of locomotives, loading cargo into wagons (ships), current payments to transport organizations (for example, for weighing products), which are borne by the supplier. After them, all expenses from the shipping station to the consumer's warehouse will be borne by the consumer (at ex-ex prices-the shipping station).

The prices of the free-dispatch station-wagon are widely used in the industry of our country. They can be applied to coal, all mechanical engineering products, many types of chemical products, building materials and other materials and equipment.

4. The prices of the free-unloading station-wagon are applied to ferrous metals, petroleum products, wood materials, cement, glass, roofing material

(roofing material), asbestos technical products, some of the products of the chemical industry and others.

In the case of using the prices of the exo-unloading station-wagon, the supplier, in addition to the costs provided for by the terms of the price of the exo-dispatch station-wagon, port, barge, ship, also bears other costs:

a) the costs of cleaning cars when sending goods, putting cars on access roads, all station and railway payments, as well as the costs of transporting cargo from the sending station to the unloading station, transferring cargo from a narrow-gauge road to a wide-gauge road;

b) the supplier pays the costs of sweeping, cleaning, bringing barges to the place of loading, the costs and payments of the pier, payments for water, for the transportation of cargo through canals and dams and the like when delivering goods through rivers and lakes, reservoirs, canals and seas;

c) when goods are transported by rail and water transport, the costs of switching from rail to water or vice versa are borne by the supplier, in addition to the costs specified in paragraphs "a"and " b".

When deliveries are made at the price of a free-unloading station-car, most of the costs incurred by the supplier are railway and water costs.

5. Prices are free-unloading station. When using this free of charge, all costs associated with the delivery of the product to this station are included in the wholesale price of the enterprise. This type of franco differs from the previous franco in that the cost of unloading at this station is also included in the wholesale price of the enterprise.

6. Prices are ex-warehouse of the consumer. At this price, the supplier will pay, in addition to the costs of the free unloading station, also the cost of delivering the goods to the consumer's warehouse. This is a fee for driving cars to access roads or places of unloading, a fee for maneuvering locomotives and ships, a fee for bringing cars, ships and rafts to places of unloading, costs for transporting goods along access roads or transportation by motor transport to the consumer's warehouse, as well as for unloading cars or ships, and the like.

In addition, a fee is charged for checking the weight of the goods, the status of the cargo at the request of the consumer, a separate fee for each car for railway services, cargo storage fees, a fee for notification of the departure and arrival of the cargo, payments for the services of the transport and maintenance office at the station and various costs incurred after the delivery of the goods are borne by the supplier. All these costs are borne by the supplier.

Ex-warehouse prices are rarely found in the practice of marketing and intermediary agencies. According to the types, prices are usually indicated in the price lists free of charge-the departure station-the car. When planning prices, it is important to know not only the wholesale price of the enterprise, but also various surcharges and discounts on the price.

It is well known that the wholesale price of means of production and consumer goods is the price indicated in the price list, there are no various additional fees, discounts, margins. Wholesale prices are set for products that fully meet the standards and specifications in terms of quality, volume and other technical characteristics. However, the standards set minimum requirements. In addition, standard and technical specifications imply deviations from the established requirements. In addition, consumers make additional requirements that are not set out in the standards. Not all of these conditions can be taken into account in the wholesale prices indicated in the price list. Taking into account them, the procedure for applying surcharges (additional payment) and discounts is established.

If the product exceeds the standard and technical requirements in terms of its quality, volume, warranty period and other characteristics, an additional price is added to the wholesale price. Surcharges and discounts can also serve to stimulate consumers and marketing agencies.

The premium price is paid for exceeding the quality of the product requirements of the standard. For example, for iron ore with a higher iron content, for coal with a low ash content, etc.

The discount applies to products with reduced quality. This should have a significant financial impact on the supplier who has reduced the quality of the product, and should allow the consumer to recover additional costs during processing. There are four main types of discounts: a discount for low quality and for insufficient compliance with the requirements of standards and specifications; discounts related to the supply of uneconomical materials, and, as a result, there are technological difficulties in consumption and the amount of waste increases; a discount when, at the price of a free-of-charge unloading station, a nonresident consumer picks up the goods with his own transport.

Discount for marketing agencies and sales organizations if the buyer receives materials at different prices. The planned price is calculated for each material. After setting the wholesale price, the discount surcharge price, the delivery costs are calculated.

The cost of transportation of products depends on the type of transport, distance, nature of transportation, properties and nature of the transported materials (volume, weight, etc.). The cost of travel by rail, road and water transport is indicated in the tariff directories. Loading and unloading costs are determined based on current prices and tariffs. The surcharge prices of the marketing and supply-sales bodies are approved by the head of the enterprise. They should cover the costs of marketing, supply and sales authorities for the transportation, storage, processing and sale of products and ensure the necessary level of profitability.

The reasons for the price increase are as follows:

- excess of demand over supply;
- outstripping wage growth, labor productivity and production growth;
- low efficiency of the use of fixed assets, equipment, labor and land use;
- mass purchases of goods by wholesale buyers;
- high price on the part of sellers;
- specific actions of the state (budget deficit), failures in the financial and credit market.

The factors influencing the price reduction are as follows:

- excess supply;

- equality of wage growth and labor productivity, growth in the production of goods;

- improving the efficiency of the use of capital, labor and land use;

- when the buyer has no desire to buy the product, etc.

A rational pricing policy allows enterprises to "cope" with price fluctuations on the basis of appropriate measures.

13.3. Pricing strategy

In pricing, an enterprise can apply two types of pricing policy: the first is the policy of a single price or the second is the policy of a changing price. With the policy of a single price, a single price is set for goods of the same type. It is offered to customers in any conditions. It serves to ensure the sustainability of demand. With a policy of changing prices, the same product is offered to different customers at different prices. In order for prices to be acceptable to consumers, the company implements certain price management measures within the framework of wholesale and retail sales. In this regard, the psychological price is of particular importance. Such pricing is a method of price management based on demand, for example, the price is not rounded and is set at 999 soums, not thousands of soums, that is, with better consideration of the useful properties of the product.

Setting an incentive price also plays an important role in attracting a buyer. It takes into account the psychology of the buyer. This means that they like to bargain and, secondly, lower than usual prices attract the attention of the consumer. For this reason, a number of firms apply changing prices not only for discounted goods, but sometimes for the sale of expensive goods or for the sale of goods belonging to well-known trademarks, as well. The purpose of this is to attract buyers and, at the same time, to be able to sell other goods at their usual price.

An increase in prices in the context of rising costs does not allow for an increase in trade turnover. Sometimes the increase in costs can be compensated

only by changing the quantitative parameters, reducing the weight, volume, size. Managing the assortment of goods, changing it in some cases increases costs and prices, forcing manufacturers to set prices for certain types of products at the highest level. In this case, firms must change the product structure or offer a completely new product. In addition to the policy of a single price and volatile prices of the company for successful entry into the market, there are also such price policies: "skimming" and "market penetration".

In the "skimming" policy for new products, prices are set at the highest level. After the market has gradually become saturated in order to attract buyers again, prices are reduced. Certain conditions are necessary for the application of such a policy: the demand for goods is partially sensitive to prices, the consumer is not sufficiently informed about the costs of production and sale of products, so he is ready to pay a set amount, there is no competition for this product on the market, there are price segments on the market and their boundaries allow using changing prices. The "skimming" policy allows the company to quickly and completely cover all expenses. The disadvantage of this policy is that it will benefit from higher prices and increase the number of competitors, since they are also interested in high prices. It is important to remember that such high prices in the market may not work, because it repels the buyer. This policy makes it necessary to constantly adapt marketing activities to certain changes and market conditions. For example, as prices decrease, advertising, methods and structure of sales will change, and distribution will be moved from large stores to smaller retail outlets.

The "penetration" policy is a policy aimed at introducing low prices and achieving large sales volumes. When setting low prices, sales increase sharply, bringing more profit. "Market penetration" is used in situations when the market is not divided into market segments and is not ready to accept expensive goods. It is appropriate to apply this policy to new products that have not won. Firms defeat their competitors in the market with low prices, however, in order to reach the break-even point, it is necessary to sell goods in large volumes. This is due to the identification and development of new market segments.

Thus, "skimming" means high prices, and "penetration" is a policy of low prices. They are extraordinary pricing methods. However, both strategies can produce good results at certain times and under certain conditions, otherwise they will cause significant damage. Firms and companies apply one of these policies, but this does not exclude the possibility of applying them in combination.

The "winning the competition"strategy is also used in pricing. This is another manifestation of the strategy of" penetration " into the market, which is aimed at solving a deeper problem - preventing a potential competitor from entering the market. Its mission is to increase sales until a competitive enterprise appears on the market, establish itself in the hearts of customers and prevent new competitors from entering the market. Such a policy requires that prices are set as close as possible to the cost price. This means that the amount of profit will be small and, therefore, the company should take advantage of its position in the market to achieve a large sales volume.

Consequently, this policy requires that the company operates in a small segment of the market, quickly takes possession of it and leaves it after achieving effective results.

Most firms, when setting prices, proceed from the price level in the market, the level of competition. This usually happens when the company's goods differ little from those of competitors, the buyer knows about the market price, and the seller cannot control the market price. Prices above the level of competition are set in special cases. For example, a company can sell its products at prices above market prices if it produces goods that are significantly better than the goods of other sellers. Such prices are also set in the following cases:

- if the product is unique, protected by patents; the creation and production of the product is extremely complex and requires a lot of work and effort; the price of the product does not matter to the buyer;

- the market capacity does not satisfy new competitors;

- for the consumption of goods, the buyer must invest a lot of money and make efforts; and, finally, you can try to set high prices without taking into account

the financial capabilities of the buyer. In other cases, it is necessary to set low prices to enter the market. A rational pricing policy allows you to achieve optimal sales volumes and contributes to the financial stability of the enterprise.

13.4. Methods of price calculation

Based on the conditions of economic activity of enterprises, the following methods of calculating prices based on the corresponding indicators are used: total costs; average costs, marginal costs, normal (standard) production costs, target price based on direct costs, target profit rate.

The full cost method is based on estimated estimates. It is determined based on all the costs associated with the production and sale of goods. The calculation algorithm begins with the determination of direct costs. They add overhead costs and the required profit. The profit is determined based on the average profit rate of the industry. It, in turn, depends on the loan interest rate, the average speed of capital circulation and the level of competition in the industry.

Setting the price based on average costs in the same way as using the full cost method. The average costs per unit of production (constant and variable) are determined. If the market situation is not very changeable, i.e. production decreases or increases in smaller volumes, the price is set according to the average costs of the economic cycle. The firm uses this method to maintain the previously set price for a certain time.

The marginal cost method allows you to take into account the costs associated with the expansion of production. The company uses this method to increase production, increase its market share and increase sales. Marginal costs mean an increase in total costs with an increase in production by one unit. Marginal costs can be higher or lower than average costs. This depends on the nature and scale of demand growth, the period of its change, the ability of the enterprise to meet the demand with cash capacity, and other factors.

If the available capacity is sufficient to meet the growing demand, the marginal costs are less than the average, because the marginal costs are the sum of the average constant and average variable costs. When the growth of demand becomes constant, in order to meet the constant growth of demand, it will be necessary to expand production capacities. Then the marginal costs are higher than the average costs. This method of calculating the price is widely used in the mining and processing industry. This is due to the fact that as a result of the expansion of production in various sectors, the cost of production also increases.

The normal (standard) price calculation method is a special price calculation method. In this method, prices are calculated not on the basis of actual costs, but according to real production conditions, based on material and cost norms. Here, the costs are calculated before the start of the production process. The cost of production is calculated based on the norms of raw materials and materials costs, labor costs and overhead costs. In other words, the price calculation is made taking into account the normal utilization of production capacities. Normal or standard is considered to be the utilization of production capacities at the level of 80 percent. The target price or target rate of return takes into account direct costs. The basis of this method is the production costs that correspond to a certain level of capacity utilization. However, the approach to calculating profit is different, in other words, the firm evaluates its product in such a way that a pre-fixed amount of profit is included in the price.

Which of the methods discussed above will be chosen depends on the volume of production, the market situation and market coverage, the nature of the price (temporary or relatively constant), the type of product and its interchangeability with other goods. Of course, the calculated price of a product does not mean its real market price. Market prices are regulated by the market. The ratio of estimated and actual market prices varies. The general rule is that the stronger the firm's position in the market and the more experience it has in marketing strategies, the closer the estimated price and the actual market price are to each other.

Designing a new assortment, creating experimental and serial samples, advertising and other ways to accelerate the promotion of goods are more expensive than large-scale and mass production. Therefore, the prices of such goods gradually decrease with the development and maturity of the product's life cycle.

Prices are stabilized during the period of obsolescence of the product and the price is minimal when the product leaves the market. Accordingly, the profit contained in the price varies: from loss to minimum (at the stage of entering the market), from low to medium (at the stage of development); maximum (at the stage of maturity), from medium to low (at the stage of obsolescence of the product); minimum (in the life cycle of the product). The marketing strategy should be based on the quality and competitiveness of products.

Questions for monitoring and discussion

1. Describe the purpose of the main directions of the company's pricing policy.

2. List the factors that affect the pricing policy of enterprises.

3. What are the methods of pricing?

Chapter 14.

Fundamentals of the organization of anti-crisis management in the enterprise

14.1. The concept and tasks of anti-crisis management

The crisis is, in fact, an aggravation of the economic situation at the enterprise, threatening the continuation of business. This may be a consequence of negative processes occurring at the macroeconomic level, as well as caused by inefficient enterprise management. In fact, in the conditions of market competition and changes in market conditions, no enterprise can be guaranteed from crises. Therefore, every financial manager should be an anti-crisis manager.

Anti-crisis measures include interventions at the macro level, and the impact and real consequences of interventions at the micro level largely depend on the macroeconomic situation. The areas of macroeconomic measures can be described as follows.

First, it is an accelerated modernization, technical and technological re-equipment of enterprises, the widespread introduction of modern flexible technologies. This task is primarily related to key sectors of the economy, the development of export-oriented and localized industries.

Secondly , the implementation of specific measures to support the competitiveness of exporting enterprises in foreign markets and the creation of additional factors to stimulate exports.

Thirdly , it is necessary to increase the competitiveness of enterprises through the introduction of a system of austerity, stimulating the reduction of production costs and production costs. In particular, the following methods of cost optimization can be used:

- reducing dependence on imported resources and their prices;

- revision of material consumption standards;

- cost reduction by increasing the degree of localization;

- changing the production technology of products;

- optimization of production capacity utilization;

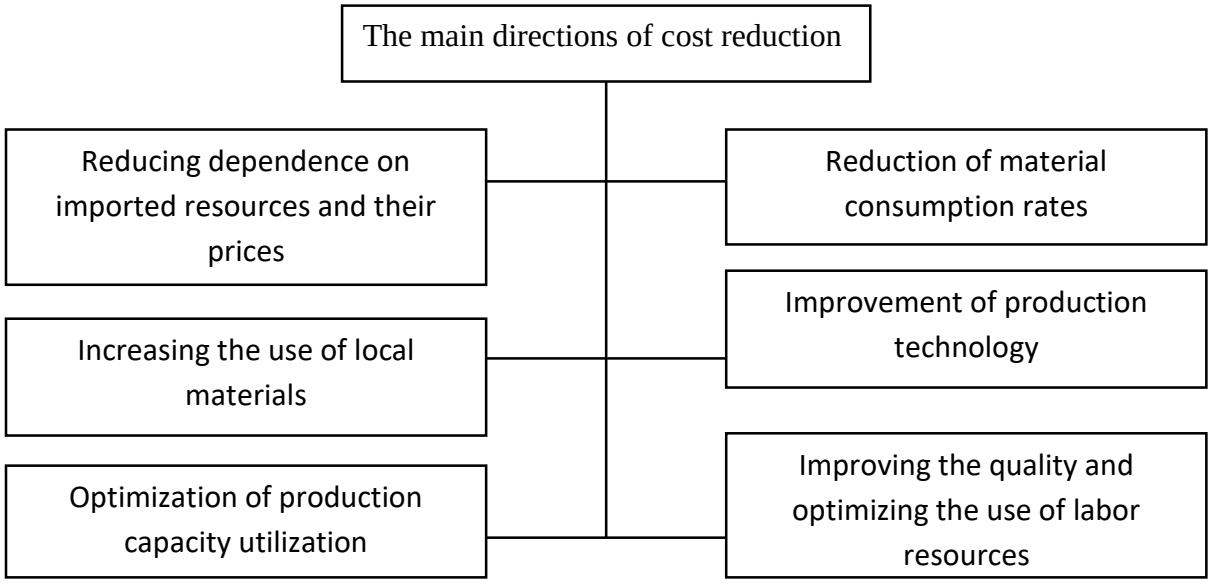
- optimization of the number of workers and employees.

Fourth , the implementation of measures to modernize the energy system, reduce energy consumption and introduce an effective energy saving system.

Fifth , against the background of growing competition in the world market, supporting domestic producers by stimulating demand in the domestic market is crucial for maintaining high rates of economic growth. Localization projects of finished products, components and materials play an important role in supporting local producers.

Figure 14.1.

Main directions of cost reduction



Anti-crisis management is the development and implementation of a set of measures aimed at improving the financial and economic activities of an enterprise and aimed at bringing it out of the crisis. Russian scientist N. S. Nosova described anti-crisis management as follows: "Anti-crisis management is a complex process that includes anticipating the crisis, identifying the crisis and determining its manifestations, as well as finding ways to minimize and mitigate the impact of the crisis on the future development of the enterprise"[6] . Thus, anti-crisis management is designed to stop and prevent the negative processes caused by the crisis, give the processes a positive character and take measures to preserve the positive orientation of the processes in the future. Thus, the main tasks of anti-crisis management are:

- prevention of adverse situations at the enterprise;
- identification and assessment of the causes of crisis phenomena;
- development of measures to eliminate the consequences;
- by taking these measures, to achieve the cessation of crisis processes.

Anti-crisis management, in fact, should be carried out not only during the crisis, but also earlier, it should become an integral part of financial management. This is often done in the form of risk management and mitigation measures.

Crisis prevention includes:

- monitoring of the financial and economic situation;
- timely identification of negative processes and trends;
- objectively and regularly evaluate the activities of the company's responsibility centers;
- pay attention to the fact that financial management decisions and their implementation had anti-crisis content.

During the crisis, financial management at the enterprise sets the following goals for itself:

- overcoming the financial crisis at the enterprise and improving the financial situation;
- increase the volume of product sales;

- optimization of enterprise costs;
- increase in income;
- elimination of internal imbalances.

14.2. Methods and stages of anti-crisis management

A number of anti-crisis management methods are widely used in financial management.

1. The method of reducing costs. In a crisis, every company faces financial difficulties. Therefore, in such a situation, costs are reduced at the enterprise. The reduction is mainly carried out in areas that are not related to the costs of the main activity of the enterprise. The company is also reviewing the attitude towards employees, for example, there is a reduction in the number of staff, a reduction in their wages, etc.

2. Organization of optimal reporting. During a crisis, it is desirable to introduce optimal reporting at the enterprise, i.e. reports should accurately and objectively reflect the situation at the enterprise. This sometimes requires a revision of the accounting system. In particular, cash flow data and profitability indicators should be used for objective analysis.

3. Reorganization of the enterprise structure. This method will help to improve the financial situation of the company by separating divisions from it into independent firms, diversify capital and prevent the loss of market value.

4. A way to increase funds . The increase in funds makes it possible to ensure sufficient financing of anti-crisis measures. In this case, the ways to increase the cash flow through the main channels of the company are considered.

5. Development of the main directions of the enterprise development. With this method, a strategy for overcoming the crisis is developed through an in-depth analysis of the company's activities. In the process of developing a strategy, it is necessary to analyze the external and internal environment and the factors that affect them.

As a rule, there are several stages of anti-crisis management at the enterprise:

1-comprehensive analysis and diagnostics of the financial and economic condition of the enterprise;

2-clarification of the specific goals and objectives of the enterprise in the current situation;

3-the choice of a specific strategy for overcoming the crisis, corresponding to the capabilities of the enterprise.

Stages of the process of bringing the enterprise out of the crisis:

Stage 1. Identification of the centers of the root causes of the crisis. A crisis in an enterprise can be caused by various problems. For example, an increase in the cost of production, an increase in accounts receivable, a reduction in the volume of sales of manufactured products, etc.It is necessary to find the center of the problems that caused the crisis.

The 2nd stage is working with the staff. Every company during a crisis should consider in detail its relations with its employees. Measures are often required to reduce the number of employees, staff units, reduce employee wages or reduce incentive funds.

Stage 3-reduction of production costs. Reducing production costs should not affect the quality of products produced by the enterprise, as this can lead to a decrease in sales. The reduction in costs is mainly due to non-production costs, the choice of an assortment, a reduction in wages, a reduction in scientific research, the search for cheap sources of raw materials and a reduction in general economic expenses.

Stage 4. There are various ways to stimulate sales, for example, to increase sales by applying various discounts and conducting promotions.

Stage 5. Optimization of cash flows. This is done by the enterprise through the implementation of various measures. For example, studying the daily balances of receipts and expenditures of funds, compiling payment registers, selling unused

equipment and raw materials, providing discounts to customers with prepayments and reducing the time spent on selling products on credit.

Stage 6. Restructuring of accounts payable. This can be done by replacing the debt with securities, paying off the debt, extending the maturity dates and transferring the receivables to creditors.

Questions for monitoring and discussion

1. What is the essence of anti-crisis financial management?
2. Explain the purpose of anti-crisis financial management.
3. What are the main tasks of anti-crisis financial management?
4. How to prevent crisis situations at enterprises?

Chapter 15.

The practice of bankruptcy in the activities of enterprises and its organizational features

15.1. The essence and signs of bankruptcy

Bankruptcy is the forced liquidation of an enterprise as a result of non-fulfillment of monetary obligations. A direct expression of bankruptcy is that an enterprise is unable to pay its debt obligations (repayment of a bill of exchange on time, repayment of a bank loan, etc.). This leads to the forced sale of the enterprise

(property) and the satisfaction of creditors ' claims at the expense of the sold property.

Firstly, a legal entity is not able to pay in cash., more precisely, if the corresponding obligations and mandatory payments cannot be fulfilled by the debtor within 6 months from the date of their expiration. This is recognized as a sign of bankruptcy.

Secondly, an individual (a person engaged in entrepreneurial activity without the status of a legal entity) is unable to satisfy creditors ' claims in respect of funds and payment of mandatory payments, or if the debtor has not fulfilled its obligations and mandatory payments within three months from the date of their fulfillment, as well as if its obligations have exceeded the value of its property, this will cause signs of bankruptcy.

Consequently, the bankruptcy of an economic entity means the inability to pay for goods (works, services) and satisfy other creditors ' claims, including mandatory payments to the budget and extra-budgetary funds, when its obligations exceeded the value of its property.

The property of an enterprise that is legally recognized as bankrupt is sent to settle claims for its debts in accordance with the procedure established by law. In cases where the company's property is not sufficient to meet these requirements, the responsibility of the company's management or its owners is legally established. The owners of limited liability companies (including joint-stock companies) are not liable for the obligations of the enterprise. However, such liability arises when the deliberate actions of the business owners led to bankruptcy. The owners of private enterprises are responsible for their obligations, since they directly dispose of the company.

The possibility of applying bankruptcy procedures ensures that market participants work in a competitive environment in the spirit of high responsibility and self-demand. At the same time, this procedure protects the interests of creditor enterprises, since they can file claims against debtors to bankruptcy courts.

Individuals who carry out business activities without creating a legal entity are liable for their obligations with all their property.

In case of insufficient property, the debtor is liable for his debts in the manner and amounts established by law. The property that cannot be subject to foreclosure is determined by the legislation.

Persons hired under the contract are not liable for the debts of economic entities.

15.2. Terms used in bankruptcy

The following basic concepts are used in bankruptcy:

bankruptcy (economic insolvency) - the inability of the debtor to fully satisfy the creditors ' claims recognized by the economic court for monetary obligations and (or) to fulfill its obligations for mandatory payments;

settlement agreement - an agreement of the parties to terminate a judicial dispute on the basis of mutual concessions;

creditors - a legal entity or individual to whom the debtor is liable for monetary obligations (except for those to whom the debtor is liable for causing harm to the life or health of a citizen, as well as the founders or participants of the debtor for obligations arising from their participation);

a representative of the creditors 'meeting (creditors' committee) is a person authorized by the creditors 'meeting or the creditors' committee to participate in a bankruptcy case;

supervision (supervision) is a bankruptcy procedure applied by an economic court in relation to a debtor legal entity, from the moment of accepting an application for declaring the debtor bankrupt in order to ensure the safety of his property, analysis of the debtor's financial condition;

mandatory payments - taxes and other mandatory payments to the state budget and state trust funds;

moratorium - suspension of the performance of monetary obligations and (or) mandatory payments by a legal entity-debtor;

monetary obligation - the obligation of the debtor to pay a certain amount of money to the creditor under a civil contract and on other grounds provided for by law;

ship manager (temporary manager, rehabilitation manager, external manager, liquidation manager) - a person appointed by the economic court for bankruptcy procedures;

pre-trial rehabilitation – measures taken by the founders or owners of a legal entity, creditors and other persons to restore the debtor's solvency and prevent its bankruptcy;

judicial reorganization is a bankruptcy procedure applied by an economic court to a debtor legal entity to restore its solvency and repay debts to creditors without transferring the authority to manage the debtor's affairs to the rehabilitation manager;

external management is a bankruptcy procedure applied by an economic court in relation to a debtor legal entity with the transfer of powers to manage the debtor's affairs to an external manager in order to restore its solvency;

liquidation proceedings - a bankruptcy procedure applied to a debtor declared bankrupt by an economic court in order to satisfy creditors ' claims and declare the debtor debt-free;

a city-forming enterprise and an enterprise equated to it is a legal entity whose employees, including their family members, make up at least half of the population of the corresponding locality, or at least three thousand people, or ensure the defense and security of the state, or a subject of natural monopolies;

a debtor is a legal entity or an individual entrepreneur who is unable to satisfy creditors ' claims for monetary obligations and (or) fulfill his obligations for mandatory payments;

The representative of the founders (participants) or the owner of the debtor is a person authorized by the founders (participants) and the owner of the debtor's property during the bankruptcy procedure.

15.3. Actions leading to bankruptcy and their indicators

Illegal actions that led to bankruptcy are deliberate actions or inaction of managers of enterprises, owners, creditors or other persons that cause damage to business entities or creditors (creditors). In particular, illegal actions are considered:

- concealment of all or part of the debtor's property or its obligations;
- concealment, destruction, falsification of any accounting documents related to the debtor's economic activities;
- transfer of property (including funds) to other legal entities and individuals for the purpose of concealment;
- failure to make the necessary entries in accounting documents;
- sale, destruction, provision of all or part of the paid and unpaid property of the debtor as collateral;
- aggravation of the insolvency of an economic entity in the interests of officials or owners and in the interests of third parties;
- declare oneself insolvent in a false way in order to obtain concessions from creditors or to pay the debt in installments in order to mislead creditors;
- intentional bankruptcy of an economic entity by any other means in order to cause harm to the creditor (creditors);
- preference to satisfy the claims of certain creditors to the detriment of other creditors and consent to satisfy the claims in this way;
- deliberate self-liquidation of the debtor in order to avoid paying taxes and debts.

Persons who have committed illegal actions that led to bankruptcy may be held liable in accordance with the law.

The decision on the voluntary liquidation of the debtor's enterprise and the official declaration of bankruptcy is made after the analysis reveals that the economic entity cannot pay its obligations and cannot restore its solvency. Disagreement with the decision on the voluntary liquidation of the enterprise will lead to the initiation of a bankruptcy case in the economic court.

An economic entity is considered to be in the process of liquidation from the moment when the owner of the property of this economic entity approves the decision on its voluntary liquidation.

The announcement of the voluntary liquidation of the debtor is published in the official press.

The assessment of the company's activity is primarily based on the indicators of its solvency and financial stability. Therefore, a deep analysis of the financial situation begins with these indicators.

As noted above, solvency means the ability of an enterprise to pay its short-term obligations in full and on time. These obligations include employee salaries, payments to suppliers of goods and services, bank loans, obligations to the state budget, etc.

The insolvency can be temporary and long-term, permanent. This is due to internal problems, such as lack of financial resources, insufficient sales, lack of working capital and late receipt of funds from external transactions.

The symptoms of insolvency can be seen when you get acquainted with the company's balance sheet by the presence of decreasing, unsatisfactory items and losses.

The most accurate aggregate indicator of solvency is the mobilization coefficient, which shows how much of the company's short-term liabilities can be covered when all working capital is mobilized.

Let's consider the calculation of the main indicators of the solvency characteristic.

A term liquidity ratio is a type of liquidity ratio or coverage that covers only cash, short-term investments and net receivables. In the case of a forced sale of inventory, the cash receipts will be less than the cost of their purchase.

In particular, according to foreign economists, the funds collected during the liquidation of a bankrupt enterprise make up no more than 40% of the value of production stocks.

cash, short-term
investments and net accounts receivable
arrears (line 170 and
line 290 of the 1-form)
Urgent payment rate= ----------
liquidity Short-term liabilities
(lines 420 - 530 !- forms)

The row numbers of indicators from the balance sheet are shown in parentheses.

It is assumed that the value of this coefficient should be at least 1. A very high level of urgent liquidity may be the result of an unjustified increase in net receivables.

The current liquidity ratio reflects the company's ownership of current assets for doing business and timely repayment of short-term liabilities. The current liquidity ratio is defined as the ratio of the current value of production stocks, finished products, cash, receivables and other assets of the enterprise (the result of the 2nd section of the balance sheet asset) to the amount of short-term liabilities in the balance sheet liability in the form of short-term bank loans, short-term loans and accounts payable (lines 400, 410, 380, 370 are deducted).

The following formula is used to calculate the current liquidity ratio:

A2
K1 = ----------

540 – (400 + 410 + 370 + 380)

A2-the result of section 2 of the balance sheet asset.

The coefficient of provision with its own working capital shows that the company has its own working capital necessary to maintain financial stability. This coefficient is defined as the ratio of the difference between the company's own sources of funds (the total of the 1st section of the balance sheet liability) and the amount of fixed assets and other non-current assets (the total of the 1st section of the balance sheet asset) to the total amount of the company's production stocks, work in progress, finished products, cash and receivables and other working capital (the total of the 2nd section of the balance sheet asset). The formula for calculating the coefficient of security of own working capital is as follows:

$$K2 = \frac{P1 - A1}{A2}$$

Here: P1 is the result of the 1st section of the balance sheet, A1 is the result of the 1st section of the balance sheet asset, A2 is the result of the 2nd section of the balance sheet asset.

If any of the following conditions are not met, the composition of the company's balance sheet is considered unsatisfactory, and the company is insolvent.

1) If the current liquidity ratio is less than 2 at the end of the reporting period.

2) If, at the end of the reporting period, the coefficient of provision with own working capital is less than 0.1.

Recognition of an enterprise as insolvent does not mean recognition of its insolvency and does not entail civil liability of its owner. However, the activity of an enterprise with deteriorating economic conditions is under the control of state bodies dealing with the economic insolvency of enterprises. Managers and owners of the enterprise should be warned accordingly. This will allow you to quickly

monitor the financial condition of the enterprise and take timely measures to prevent insolvency, as well as encourage the enterprise to independently exit the crisis.

In the case of insolvency proceedings against creditors ' claims, an opinion on the assessment of the financial condition and composition of the balance sheet is drawn up on the basis of the values of the above coefficients at the official request of the economic courts. This task is assigned to the relevant body by Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 465 of December 28, 1996 "On the purposes of organizing the activities of the Committee on Economic Insolvency of Enterprises under the State Property Committee ".

The insolvency of an enterprise is the basis for taking measures of responsibility to the heads of enterprises in accordance with the Decree of the President of the Republic of Uzbekistan dated December 11, 1996 No. PF 1658 "On measures to implement acts of legislation on the bankruptcy of an enterprise".

15.4. Measures to prevent bankruptcy and financial recovery of the enterprise

Rehabilitation is a set of measures taken by the founders or owners of an enterprise before the enterprise is declared bankrupt, aimed at its financial recovery. Measures for the financial recovery of the sanitized enterprise can be taken by agreement with the debtor, and creditors or other persons.

Pre-trial rehabilitation is carried out before the initiation of a bankruptcy case and is aimed at increasing the solvency and economic viability of the debtor and creating conditions for its effective work in the future.

Thus, the concepts of bankruptcy and rehabilitation are different, but they are interrelated. Rehabilitation should be considered as a rescue measure for an enterprise that has signs of bankruptcy.

There are two forms of reorganization of the enterprise:

- with the involvement of public funds;

- without attracting public funds.

Pre-trial rehabilitation with the involvement of state funds is carried out by the body authorized by the Cabinet of Ministers of the Republic of Uzbekistan. It should be noted that during the rehabilitation with the involvement of state funds, these funds are subject to return during the normal operation of the enterprise, i.e. they are sent with the condition of return after a certain period.

Measures within the framework of the rehabilitation include:

- organization of debt offsets;

- full or partial purchase of overdue receivables;

- extension of the deadline for paying taxes, fees and other mandatory payments and repayment of government loans for the period of rehabilitation;

- reorientation of the enterprise to the production of competitive products;

- attracting highly qualified specialists from outside;

- training and retraining of personnel;

- financial support from legal entities and individuals interested in restoring the solvency of the enterprise and continuing its activities;

- conclusion of agreements between the enterprise and creditors on the extension of the repayment terms of debts to creditors, on their repayment in installments or on the cancellation of a certain part of the debt for the continuation of the enterprise's activities;

- implementation of external management.

In accordance with the "Law on Bankruptcy" (as amended on 24.04.2003 Law No. 474-II. The previous version of 28.08.1998 was originally adopted on 05.05.1994., No. 1054-XII) pre-trial rehabilitation of the debtor (article 33) is carried out from twelve to twenty-four months. However, it should be remembered that rehabilitation can be suspended until the prescribed period. The decision to suspend rehabilitation is made by a court or a government commission.

The external manager submits the final report to the government commission through the regional commission 15 days before the expiration of the

external management period and if there are grounds for its early termination. The rehabilitation process may be terminated prematurely: -

non-compliance with the requirements of the legislation on the rehabilitation of enterprises;

- in connection with the achievement of the goals set in the recovery plan;

- the rehabilitation was recognized as ineffective;

- if the goal of rehabilitation is not achieved.

In accordance with the legislation, the objects of rehabilitation can be all types of market entities that have signs of bankruptcy, that is, they are constantly unprofitable, insolvent and are in an economically insolvent position.

The subjects of rehabilitation can be the owners of the property of enterprises that are under rehabilitation, creditors or other legal entities and individuals or parties involved in this process as the owner, debtor and creditor.

15.5. The procedure for determining the criteria for monitoring and analyzing the financial and economic condition of enterprises with a state share

The resolution "On the procedure for determining the criteria for monitoring and analyzing the financial and economic condition of enterprises with a state share" was registered with the Ministry of Justice of the Republic of Uzbekistan on April 14, 2005 for No. 1469.

This procedure was developed in accordance with the Law of the Republic of Uzbekistan "On Bankruptcy" and defines the criteria for monitoring and analyzing the financial and economic situation of large enterprises with a share of state property. The purpose of monitoring and analysis is to diagnose the financial condition of enterprises, identify economic risks (risks) and signs of economic instability, as well as prepare proposals for procedures for rehabilitation and recovery or bankruptcy.

A system of criteria. Enterprises are divided into the following groups according to their economic situation:

A) stable; B) in an economically difficult situation; C) economically unstable: - has the ability to restore solvency; - there is no opportunity to restore solvency;

The main indicators (criteria). The main indicators (criteria) for assessing the economic situation:

A) the coefficient of solvency - Kps;

B) the coefficient of working capital security - Cbs;

C) the coefficients of profitability of costs and assets –Krz, Kra.

The following additional indicators are used to make a final decision:

- the ratio of own funds to short-term borrowings-Kz;

- the coefficient of utilization of production capacities - Kpm; - the coefficient of depreciation of fixed assets – K ios.

The following criteria will be the basis for the selection of enterprises for economic analysis:

- the presence of overdue credit arrears on mandatory payments and obligations on monetary funds exceeding three months;

- the insolvency of the enterprise, that is, the inability to repay short-term debt at the expense of current assets;

- low profitability and unprofitable activity.

Description of indicators for assessing the economic condition of enterprises. Data on overdue accounts payable for more than three months are obtained from financial reporting forms approved by Order of the Ministry of Finance No. 140 of December 27, 2002, from column 4 of line 602 of Form No. 1 "Balance Sheet" or from accounting registers.

1. The solvency coefficient (Kps) indicates the ability of an enterprise to repay its short-term debt. It reflects the timeliness of settlements with debtors and the sale of products on favorable terms, as well as the possibilities of other elements of current (current) assets:

Current (current) assets A2

Kps = ------------------------- = ----------------,

Current (short-term) liabilities

P2-UP TO

Here: A2 - current (current) assets (production stocks, finished products, cash, accounts receivable and others), 2 - section of the balance sheet asset, line 390; P2-balance sheet liabilities, 2-section, line 770; DO-long-term liabilities (line 490 of the balance sheet).

If at the end of the reporting period the solvency coefficient is less than 1.25, the company is considered insolvent according to this indicator. The approximation of the value of this coefficient to 1.25 indicates a low level of the company's solvency.

2. The coefficient of availability of own working capital (Cbs) shows that the company has sufficient working capital to ensure stable financial results:

(P1 + TO2) - A1

Kos = -------------------------, here:

A2

A1 - long-term assets (fixed assets, intangible assets, capital investments and others), 1 - section of the balance sheet, line 130; P1 – own sources of funds (authorized capital, reserve capital, additional capital, retained earnings, etc.), the end of section I of the liability of the balance sheet, line 480; DO2-long-term loans and loans aimed at acquiring long-term assets (by calculating from the balance sheet lines 570, 580).

The numerator of the fraction shows how much of the company's own funds are allocated to current production assets. The denominator includes the sum of the total working capital. The minimum value of this coefficient is 0.2.

If the coefficient of provision with its own working capital at the end of the reporting period is less than 0.2, the enterprise is considered insufficiently provided with its own working capital.

4. Profitability coefficients reflect the level of profitability (loss-making) of financial and economic activities of enterprises.

3.1 The cost-effectiveness ratio (ROI) is determined by the following formula:

$$Krz = \frac{Pd}{Z}$$, here:

Pd - profit before tax-column 5, lines 240 or with a minus-column 6 of line 240 of form No. 2 "Statement of financial results"; X

H - the total amount of costs, the sum of the rows in Form No. 2 ("020", Column 6 + " 040 "Column 6 +" 170 "Column 6 +" 230 " Column 6).

3.2 The return on assets ratio - (Kpa) at the end of the year is determined by the following formula:

$$Kra = \frac{Pd}{SSB}$$, here :

SSB is a weighted average value of total assets or liabilities, determined by an arithmetic mean or chronological average formula.

If the profitability indicators in the reporting period are as follows:

- with a value less than zero (negative value) - the company is recognized as operating at a loss.

- less than 0.05 - the enterprise is recognized as unprofitable (except for monopoly enterprises).

4. The ratio of the company's own funds and short-term debt (current financial independence) - (Ktfn) determines the degree to which the company can repay short-term debt at its own expense, and is determined by the following formula:

P1

Ktfn = ----------.

P2-UP TO

If at the end of the reporting period the ratio of the company's own sources of funds and short-term borrowed funds is less than 1, this means that the company has a financial risk. A decrease in the coefficient indicates an increase in financial risk.

5. The coefficient of utilization of production capacities - (Kpm) determines the degree of utilization of production capacities:

Pfak

Kim = ----------, here :

Pp - (Par + Pcons)

Pfak - the volume of products (services) actually produced in the reporting period in comparable terms;

Pp is the comparable cost of products (services) that can be produced, with the maximum use of the main technological equipment during the reporting period. Steam - the quantity of products, at a comparable cost, produced at leased production facilities;

Pconc - the volume of the product produced at canned facilities.

If the production capacity utilization factor is less than 0.5 during the reporting period, it is considered that the enterprise has a low degree of capacity utilization.

6. The coefficient of accumulated depreciation of fixed assets - (Kios), expresses the degree of depreciation of fixed assets and is defined as the ratio of the amount of accumulated depreciation to the original cost of fixed assets:

Kni = Oiz

----------, here :

Ops

Oiz – the accumulated amount of depreciation of fixed assets from line 011 of form No. 1 "Balance",

Ops – the initial cost of fixed assets from line 010 of form No. 1 "Balance".

If at the end of the reporting period the coefficient of accumulated depreciation of fixed assets is more than 0.5, the company's fixed assets are considered significantly worn out.

Division of enterprises into groups

A. To the "Stable" group includes the enterprises which do not belong to the group "Economic risk" and "Economically unstable".

B. the group of "Economic risk" are businesses that do not have the ability to pay at the enterprise level 1-group or have signs of low profitability and economic risk characteristic of a 3-group.

V. the group of "Economically unstable" includes companies with overdue accounts payable and debt on obligatory payments for over 3 months.

G. in the group of enterprises with the ability to restore the solvency of the company are having signs 3-group (overdue payables and debt on obligatory payments for a period of more than 3 months), but have the means to repay them, cost-effective or have working capital in the required size.

D.The group "Unable to restore solvency" includes enterprises whose recognized accounts payable exceed the amount of five hundred minimum monthly wages, there is no possibility to repay this debt, low-profitable (unprofitable) and unsecured with their own working capital (group 4).

15.6. Proceedings on the liquidation of the enterprise

Liquidation procedures are carried out for the purpose of proportionate satisfaction of creditors ' claims and declaring the insolvent debtor free of debts, as well as to protect the parties from illegal actions.

Participants in the liquidation proceedings are the trustee, the creditors 'meeting (creditors' committee), the insolvent debtor and other interested parties.

If the economic court makes a decision on the bankruptcy of an economic entity, a liquidation commission is formed under the leadership of a trustee.

Functions of the Liquidation Commission:

- to publish in the official press at the location of the liquidated bankruptcy subject an announcement on its liquidation and on the procedure for filing creditors ' claims;

- notify creditors and interested persons about the liquidation of the bankrupt business entity;

- preparation of a report on the property of a bankrupt business entity, including mortgaged property;

- preparation of the liquidation balance sheet and its submission to the economic court;

- drawing up a plan for the liquidation of a bankrupt economic entity;

- completion of the current work;

- stage-by-stage liquidation of the property of an economic entity of bankruptcy in the interests of interested parties;

- inform creditors, the economic court, tax authorities, other interested organizations and persons about the property of the bankrupt economic entity, about the process of liquidation of the property;

- preparation of the final report on the completion of the liquidation of the bankrupt business entity and its submission to the economic court.

The plan for the liquidation of bankrupt enterprises includes:

- a complete and objective report on the financial condition of the bankrupt enterprise;

- conditions, order, sequence and proportions of satisfaction of creditors ' claims;

- taking into account the interests of the owner of the property, the labor collective of the bankrupt enterprise;

- a list of the property that will be sold;

- method, place and time of sale of the property;

- terms of payment of court costs, payment for the work of experts, members of the liquidation commission, proxies and other persons.

The plan for the liquidation of a bankrupt enterprise must be agreed with creditors and is considered approved if it is supported by creditors who own at least two-thirds of the amount owed. If the bankruptcy plan is not approved and the creditors have not submitted their liquidation plan within the prescribed period, the economic court approves the plan submitted by the liquidation commission.

An individual or a legal entity may be a proxy in the liquidation process. Trusted person:

- collects property intended to satisfy creditors ' claims;

- provides information about the financial condition and property of the debtor to state regulatory and tax authorities and creditors;

- manages the activities of the liquidation commission;

- appoints accountants and other persons to conduct business;

- attracts specialists;

- has the right to prohibit or allow the production activities of the enterprise;

- has the right to raise a question before the economic court about the invalidation of agreements concluded by an economic entity, in the period up to one year before filing an application for declaring it bankrupt, if as a result of their sale the economic entity received less than the market value of the property or the payer was insolvent;

- manages the property of the enterprise.

At the request of the trustee, the company provides him with a complete list of creditors and debtors, a detailed balance sheet of assets and liabilities, a statement of financial position, workbooks, accounts and other documents and all other necessary information.

Creditors are granted the following rights:

- protection of their interests in the economic court;

- get information about the financial condition of a bankrupt business entity and the state of its property;

- monitor the actions of a trusted person;

- to get acquainted with the plan of liquidation of the bankrupt economic entity;

- appeal to the economic court against the actions of the authorized person, the liquidation commission.

All assets of an insolvent debtor, regardless of whether they are reflected in the balance sheet or not, are the basis for summing up the liquidated property.

In the process of liquidation, the trustee, with the help of experts or auditors, registers and evaluates the debtor's property, as well as evaluates its obligations.

Questions for monitoring and discussion

1. What is bankruptcy?
2. What are the criteria for bankruptcy?
3. What indicators lead to bankruptcy?
4. What is the current liquidity?
5. How to determine the term liquidity ratio?
6. What is a rehabilitation?
7. How is the liquidation of the enterprise carried out?

Basic concepts of financial management

1. The concept of financial management.
2. The owner is a businessman-a financial manager.
3. The concept of financial management.
4. See the financial management of the meeting of the necessary conditions.
5. Entrepreneurial financial and managerial rights are hired by the owner.
6. Duties of a financial manager.
7. Development of a financial strategy at enterprises.
8. Objects of financial management.
9. Financial and credit mechanism.

10. The history of financial management.
11. Modern aspects of financial management.
12. Concepts of financial management in the Western states .
13. Monetarism and Keynesianism.
14. General management functions: planning, organization, motivation, control.
15. The resource of reproduction and balancing.
16. Resource allocation function.
17. Control over financial resources.
18. Principles of financial management.
19. Planning and systematization.
20. Organizational and legal forms of enterprises.
21. Financial management in limited liability companies.
22. Financial management in joint-stock companies.
23. Features of financial management at state-owned enterprises .
24. Financial management in non-profit organizations.
25. Financial management in small business.
26. Financial industry groups.
27. The concept of financial security.
28. Managing the process of self-financing and self-financing.
29. Financial growth strategy.
30. Strategic financial management.
31. B one-time financing.
32. The amount of return on investment.
33. The influence of the competitive environment on investment behavior.
34. Change the purpose of the investment.
35. The quality of financial management.
36. Provide higher-than-average throughput in the industry.
37. Credit process management.
38. Management of promissory note circulation.
39. Management of factoring operations.

40. Management of trust operations.
41. Leasing operations. Financial leasing. Returnable leasing. Leasing is operational.
42. The structure of the company's assets.
43. Intangible assets.
44. Work in progress.
45. The structure of the fixed assets of the enterprise.
46. The initial cost of fixed assets.
47. The market value of assets. Liquidation value. Book value.
48. Revaluation of fixed assets.
49. Methods of depreciation of fixed assets.
50. Inventory of fixed assets.
51. Lease of fixed assets.
52. Patents, know-how, franchises, copyrights, certificates, trademarks, trademarks.
53. Intangible assets (initial value, sale price, liquidation value, residual value)
54. Capital investments. Assessment of capital investments.
55. Indicators of the efficiency of the use of fixed assets
56. Profitability of fixed assets .
57. The purpose of working capital management.
58. Optimization of the structure of working capital.
59. Ensuring the necessary liquidity of working capital.
60. The essence of financial cost management.
61. Similarities and differences between the categories "expenses" and "costs".
62. Grouping of costs..
63. Analysis of inventory costs.
64. Issues of cost optimization.
65. Optimization of management costs.
66. The content of the financial lever.
67. Issues of planning and forecasting of expenses.

68. Types of business risks.
69. The nature and types of financial risks.
70. Features of risk management.
71. Risk minimization.
72. Creation and functioning of the company's reserve funds.
73. Financial risk insurance.
74. The phenomenon of the financial crisis in enterprises
75. The essence of cash flow management.
76. Planning and forecasting of cash flows.
77. Determining the current needs of enterprises in cash.
78. The essence of cash flow analysis.
79. Responsibilities of a financial manager for managing the debt of an enterprise.
80. Types of receivables and their causes.
81. Accounts payable and its causes.
82. Issues of reducing accounts receivable and accounts payable and issues of their elimination
83. The essence and components of tax management .
84. The essence and purpose of financial control.
85. Forms of financial control
86. Organization of state financial control.
87. Organization of internal audit of enterprises.
88. Features of cash flow management.
89. Prevention of bankruptcy.
90. Measures of financial recovery of the enterprise.
91. Criteria for bankruptcy.
92.Current liquidity ratio.
93. The coefficient of self-sufficiency of the enterprise.
94. The coefficient of restoration of solvency.
95. Financial planning.

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