

**STATE COMMITTEE FOR COMMUNICATIONS, INFORMATION  
AND TELECOMMUNICATION TECHNOLOGIES OF THE REPUBLIC  
OF UZBEKISTAN  
TASHKENT UNIVERSITY OF INFORMATION TECHNOLOGIES**

**Protection to admit  
managing chair**

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« \_\_\_\_ » \_\_\_\_\_ 2014 y

**Final Qualifying work**

On a theme:

**“ANALYSIS OF FINANCIAL RESULTS OF THE  
TELECOMMUNICATION ENTERPRISES”**

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**STATE COMMITTEE FOR COMMUNICATIONS, INFORMATION AND  
TELECOMMUNICATION TECHNOLOGIES OF THE REPUBLIC OF  
UZBEKISTAN  
TASHKENT UNIVERSITY OF INFORMATION TECHNOLOGIES**

Faculty of “Economics and Management in ICT sphere”  
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« \_\_\_\_ » \_\_\_\_\_ 2014 year

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**“Analysis of financial results of the telecommunication enterprises”**

The theme for final qualifying work

**TASK**

1. **The theme is confirmed by order on university** from December 30<sup>th</sup>, 2013 Number 1323.
2. **Term of delivery of finished work:** 27.05.2014y.
3. **The initial data to work:** President’s books, economics text-books, law and orders, other necessary documents, company’s financial report.
4. **Accountant is a content of written explanation:** the content of the financial analysis, theoretical aspects of the analysing financial results of enterprises, the analysis of financial results of “Uzbektelecom” JSC, the estimation of financial results of “Uzbektelecom” JSC and ways to improve them, safety of vital activity.
5. **The table of graph materials:** the first table is analysis of the structure of financial results and their dynamics, the second is structure of revenues and expenses of “Uzbektelecom” JSC during the reporting period, the third is comparative evaluation of the influence of factors on net profit of “Uzbektelecom” JSC and the last is comparative assessment of financial results of “Uzbektelecom” JSC.
6. **The date of delivery of the task** on 15<sup>th</sup> January 2014y.

The supervisor: \_\_\_\_\_  
signature

Task has accepted: \_\_\_\_\_  
signature

### 7. The advisers of some parts of work

The name of the sections	Consultant	Signature, data	
		The task was given	The task was given
1. The content of the financial analysis. Theoretical aspects of the analysing financial results of enterprises	Nurmatova D.S.	15.01.2014	15.01.2014
2. The analysis of financial results of “Uzbektelecom” JSC	Nurmatova D.S.	01.02.2014	01.02.2014
<u>3. The estimation of financial results of “Uzbektelecom” JSC and ways to improve them</u>	Nurmatova D.S.	07.03.2014	07.03.2014
4. Safety of vital activity	Borisova Y.A	24.05.2014	24.05.2014

### 8. The schedule of performance of work

	The names of diploma work's parts	Period of finishing	Head (sign)
.	The content of the financial analysis. Theoretical aspects of the analysing financial results of enterprises	01.02.2014	
.	The analysis of financial results of “Uzbektelecom” JSC	07.03.2014	
.	The estimation of financial results of “Uzbektelecom” JSC and ways to improve them	24.05.2014	
.	Safety of vital activity	28.05.14	

Graduate: \_\_\_\_\_

2014 year \_\_\_\_ June

Supervisor: \_\_\_\_\_

2014 year \_\_\_\_ June

In this final qualifying work the theoretical foundations of financial results of enterprises, indicators describing its performance and analysis are studied. On the example of a particular enterprise the analysis of financial results is carried out and recommendations for its improvement are given.

Ушбу битирув малакавий ишда корхона молиявий натижалар назарий асослари, уни ифодаловчи кўрсаткичлар ва уни тахлили ўрганиб чиқилди. Аниқ корхона мисолида молиявий натижалар тахлили ўтказилди ва уни яхшилаш йўллари кўриб чиқилди.

В этой выпускной квалификационной работе изучены теоретические аспекты анализа финансовых результатов предприятия, показатели ее характеризующие и их анализ. На примере конкретного предприятия проведен анализ финансовых результатов и даны рекомендации по ее улучшения.

## CONTENTS

INTRODUCTION.....	9
I. THE CONTENT OF THE FINANCIAL ANALYSIS. THEORETICAL ASPECTS OF THE ANALYSING FINANCIAL RESULTS OF ENTERPRISES	
1.1.The economic characteristic and features of communication enterprises.....	11
1.2.Methods and substance of the financial analysis, model of formation and distribution.....	22
1.3.Factor analysis of the profits from the sale of goods (works, services).....	40
1.4.Indicators of efficiency of the enterprise.....	42
II. THE ANALYSIS OF FINANCIAL RESULTS OF “UZBEKTELECOM” JSC	
2.1.General characteristic of “UZBEKTELECOM” JSC.....	45
2.2.The analysis of the structure of financial results and their dynamics on “Uzbektelecom” JSC.....	49
2.3.The analysis of profitability indicators of “Uzbektelecom” JSC.....	56
III. THE ESTIMATION OF FINANCIAL RESULTS OF “UZBEKTELECOM” JSC AND WAYS TO IMPROVE THEM	
3.1.Overall assessment of financial results of “UZBEKTELECOM” JSC...60	60
3.2.Ways to improve the financial performance .....	62
IV. SAFETY OF VITAL ACTIVITY	
4.1.Rational organization of work place.....	65
4.2.Emergencies .....	72
CONCLUSION .....	75
LIST OF THE USED LITERATURE .....	77

## INTRODUCTION

*“We need as soon as possible not only to eliminate the lag occurring in many kinds of information services, but also to enter into the category of advanced countries with a high level of information and communication technologies.”<sup>1</sup>”*

*I.A. Karimov*

The financial analysis is an essential element of financial management and audit. Practically all users of financial reports of the enterprises use methods of the financial analysis for decision-making on optimization of the interests.

Owners analyze financial reports for increase of profitableness of the capital, support of stability of position of firm. Creditors and investors analyze financial reports to minimize the risks under loans and contributions. It is possible to say firmly, that quality of accepted decisions entirely depends on quality of an analytical substantiation of the decision.

Introduction of the new plan of accounts, accounting forms bring more into line with international standards requirements necessitate the use of new techniques of financial analysis, corresponding to conditions of a market economy.

In certain cases, the objectives of financial analysis are not enough to use only financial statements. The individual groups of users, such as a management and auditors, have possibility to involve additional sources (data about production and financial account). Nevertheless, most annual and quarter reports are the only source of the external financial analysis.

The main (and in some cases the only) source of financial information about a business partner is the accounting statements, which became public. Reporting enterprise in a market economy is based on a generalization of the financial records

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<sup>1</sup> REPORT of Islam Karimov, President of Uzbekistan, at the Cabinet of Ministers on the results of socio-economic development in 2012 and priority in the economic program for 2013

and is an information link between the company and society and business partners - all users of information about the activities of the enterprise.

In sphere of market economy it is necessary for any business subject to provide proper traffic management and efficiency of use of all financial resources, material and labor, at its disposal. However, many enterprises and the organizations obtain economic independence and the right of the transactions in the internal foreign market, have appeared not prepared for the new economic conditions.

In sphere of market economy it is not enough to the subjects of management to own the information only. This information is necessary to process, make accurate conclusions and to use them for the purpose of production efficiency increase. To effectively manage, the most important are information and ability to use it.

One of the highlights of financial information is its analysis. In the analysis a number of indicators used by which basis economic activities are studied and conclusions are made.

There are different categories of users who interest in information about financial position of the enterprise. They are managers, shareholders, creditors and potential investors, suppliers, etc. Each user pursues its objectives and has its own criteria for assessing the financial position of the enterprise. For example, for the manager, indicators of an estimation of efficiency of the economic operations, used resources and the received results are most important. Owners and shareholders are most interested in the profitability of invested capital, its assessment of market activity. For creditors the most important things are evaluation perspective, the return on invested funds, for suppliers - enterprise opportunity to timely pay for supplied products and services.

Each employee engaged in the analysis of a financial condition of the enterprise, should be able to read freely accounting balance sheet, to understand its articles, as well as to draw conclusions and give recommendations.

# **I. THE CONTENT OF THE FINANCIAL ANALYSIS. THEORETICAL ASPECTS OF THE ANALYSING FINANCIAL RESULTS OF ENTERPRISES**

## **1.1. The economic characteristic and features of communication enterprises**

In accordance with the principles of the division of social activities in any national economy, separate areas of activity and the branches of manufacture forming macroeconomic of the state are allocated. Each branch is a collection of businesses and industries that have created a community product, technology, professional staff training. Meaning of a particular branch in the economy is determined by the creation of certain types of products, goods and services required to satisfy all social and personal needs. According to these principles, in economic system industries, agriculture, building, transport, communication and others are allocated.

The economic theory divides macroeconomy into the basic manufacture and an infrastructure - a separate group of the branches serving a public production and population and providing necessary conditions for effective work of all spheres of production and non-production activity. The term "infrastructure" occurs from two Latin words: "infra" - below, under; "structure" - structure, that means «that is outside of the main manufacture, but it creates the general conditions for its functioning».

The communication branch, designed to satisfy social and personal needs in the transfer of a various types of the information and communications, in terms of social division of labor should be regarded as a branch of social production, which belongs to the sector of the economy engaged in the production of non-financial services, and an integral part of society's infrastructure.

In providing all branches and economic sectors of services for the collecting, processing, transmission and delivery of information, in the communication

industry, it creates consumer price and cost. Consumer price represents the final beneficial effect (result) of message transfer which is consumed in the production and non - governmental spheres of public and private life.

The cost created in branch equal to the term of money of services which are made and sold for a certain period of time , joins in a total internal product, as well as, in that part of this product which the cost of which is created by necessary and additional work and forms the national income.

In the creation of telecommunications services industry and other similar sectors of non-financial enterprises involved three factors of production of goods, namely: means of labor, objects of labor and labor communications workers.

Means of labor, with the help of information transfer process, concerns with industrial buildings, stantional and linear structures, channel- switching equipment and instruments, measuring instruments, etc. As a work subject in communication process the information (message) is exposed to spatial displacement by its transfer. Impact on the subject of labor by means of work carried out by employees of communication, whose work ultimately creates a use-value.

Consuming process of communication services is similar to consumption of products (goods) of other sectors. If the communication service is consumed in the industrial sector, its cost is transferred to the cost of the newly created product. If communication service serves as personal consumption, then it disappears along with consumption and their cost.

Apart from common features characteristic of market production, the economic nature of the relationship characterized by specific features arising from its branch features.

**The first feature** is determined by the specifics of a created product, which, unlike the industrial output has no material form, and represents the final useful effect (result of productive activity) process of an information transfer and messages

from the sender to the recipient – documentary, telephone, video, television programs and broadcasting, etc. and takes the form of services.

Immaterial nature of the final product makes no connection to the production process of raw materials and basic materials, which are carriers of real products. This, in turn, is reflected in the structure of production resources of communication industry: as a part of productive assets due to share about working capital (materials, spare parts, etc.) account for about 8%, while the share of the basic production assets - about 92%, whereas in manufacturing industries the ratio between current assets and fixed assets is on average 70 and 30 percent.

A characteristic feature of the structure of cost price in communication also caused by the immaterial form of the created product is insignificant share of material costs and a high proportion of the costs associated with the payment of living labor. Such a specific cost structure and resources require constant attention from organizations due to the problem of finding and implementing internal reserves to improve the use of basic production assets and workforce.

**The second feature** of communication is associated with the first and characterized by inseparability of the process in time consumption of communication services from the production process. Most clearly, it is shown in telephone communication where the process of transfer of a telephone message – production process – occurs with the participation of subscribers, that is coincides with the process of consumption. Lifting the handset telephone, the caller hears the buzzer answer of automatic telephone exchange, that is ready signal of station to the transmission of information, that is the beginning of the production process. When dialing the local number of subscriber, there is an automatic connection through direct electrical channel using switching equipment, transmission systems and linear structures. This electrical channel is maintained during the whole conversation between users, and occurs when the consumption of services. Having

hanged up after the conversation, the subscriber breaks the electrical circuit and stops the production process of this service.

Given this characteristic, the end result of the production of the industry – service – cannot be kept in stock, in stock, withdrawn from the production and act in the sphere of circulation for implementation. This feature also follows a requirement of the maximum approach of communication facilities to consumers through the development and increasing the density of enterprises and collective points of contact (liaison offices, call centers, etc.) and individual (subscriber stations and terminals) use.

Inseparability of production and consumption of communication services also leads to significant non-uniformity in the coming time load due to the rhythm of business and personal lives. Thus non-uniformity of loading is observed on hours of days, days of week and months of year. At the same time, communication enterprises must be ready to service customers at peak periods without disrupting established (standard) quality parameters, for which the additional capacity and jobs that fall in hours load used with a low-impact or even idle. In addition, in the communication industry production capacity reserves are created for perspective development as the needs for communication services. All these lead to the deterioration of many objective economic indicators of communication – decline in labor productivity and capital productivity, increased cost, reduced profits and profitability. Therefore, creating objectively necessary reserves of productive resources for high-quality customer service, telecom operators, especially in the conditions of market relations should strive to optimize their volume, improve production efficiency, achieving the best possible results at the lowest cost. That's why special importance in the industry and individual companies is given to the development and implementation of organizational and economic measures to reduce the impact of uneven load on the effectiveness of their work. Among such measures first of all, it is necessary to note the development of scientifically based standards

and service quality standards, taking into account the uneven load in the design of equipment and communication networks and calculating the number of employees, their correct arrangement on workplaces, drafting optimal shift schedules and vacations of production personnel, modes of communication organizations, flexible tariff policy, etc.

**The third feature** of the communication industry, unlike other industry, where the subject of labor is exposed to a real change (mechanical, chemical, etc.) enters the sphere of circulation, becomes a commodity and then it is consumed in the production process of communication as the work subject should be exposed only to the spatial displacement, that is changing its location. Any other change means its distortion, loss of consumer properties and use value to the detriment of the user.

The physical basis for the transmission of all types of information, except mail, is able to convert text, audio or video messages into electrical signals at the transmitting end (coding) and inverse transform them into their original form at the receiving (decoding). As well as, it should be taken into account some particular important parameters such as the accuracy of the transmission of messages and the accuracy of their playback providing in the process of transmitting information of all quantitative and qualitative characteristics that determine its consumer properties.

Strict observance of quality indicators for communication is achieved by using only on communication networks of certified equipment, the use of modern information security systems from extraneous influences, introduction of advanced technologies and methods of production processes at all stages.

**The fourth feature** of communication is that the transfer of information is always bilateral and it means it goes on between the sender and receiver of information. As the demand for information transfer can occur between callers in all localities of the country, it requires the establishment of a reliable and extensive

network. Communication network consists of operators, their branches, structural units and contact points of individual or collective using, interconnected lines and communication channels, which interact in a single process, provide transmission of information. In these conditions a separate communication operator is not always the sole producer services, and performs certain business functions at different stages (outgoing, transit, incoming) process chain. For example, in the process of transferring long-distance telephone communication in the automatic connection method involves local telephone network and long-distance exchange on the outgoing end, similar statements at the incoming end, as well as organizations that provide long-distance communication channels (for example, in case of long-distance connections in the country).

Participation in the production process several operators imposes uniform requirements for the organization and rules of technical support operations throughout the country. In economic terms, this feature causes the appearance of the telecommunications market of a special class of intermediate consumption of services - interconnection and traffic service. The same feature determines the need to use a specific economic mechanism of interaction of operators involved in the creation of network services based on the principles of fair competition and registered commercial interests and contributions of each business entity in the general economic performance of the industry.

Considering the fourth feature of branch, it should also take into account the requirement of efficiency of communication networks, which, in turn, determines the need to use different systems and options schemes interconnect endpoints forming these networks. At the same time on communication networks special principles and nodal education ("with each other", "radial", "radial-node") that minimizes the cost of creating networks while maintaining their reliability and survivability are used.

In addition to the peculiarities of communication, it also has the features common to all infrastructure sectors, distinguishing them from primary production. In the modern interpretation a set of organizational infrastructure is separate units of social production, which the end result of activity is not release the real products (goods) and service of material production (production infrastructure), nonproductive sphere and the population (social). In recent years in our country it rapidly began to develop a network of commercial agencies and organizations to ensure the effective development of market relations and have received the name of the market infrastructure.

Manufacturing infrastructure of communication industry concerns energy, freight transport, logistics and preparations. Industrial infrastructure elements are essentially a part of the process of material production or associated with such a stage of reproduction as a distribution and exchange. They serve the main production in the sphere of circulation, including the promotion of a product, bring it to the consumer, and provide transmission of information.

In the sphere of circulation, the mediating link between production and consumption completes the production process, and not creating new forms of real product, changing only its location and price.

The composition of social infrastructure includes a variety branches which depend on the functional feature and it may be divided into the following groups:

1) service industries, providing material well-being and growth of leisure time. These include housing and communal services and public services, trade and catering, passenger transport and communications in the nonproductive sphere service and the public;

2) branches, contributing to the development of personality, improve physical and mental health of the nation, the dissemination of knowledge and cultural goods – education, health, physical education, sports, social welfare, culture and art. This

part of the social infrastructure can include communication activity areas such as distributing print, radio and television;

3) branches, serving mainly the production and other social needs – science and scientific services, government and insurance agencies of information and public organizations.

Components of market infrastructure contribute to the acceleration of commodity and money circulation in the country, optimizing the volume and structure of production of goods and services based on consumer demand, competition and, ultimately, the transition from the "seller's market" to a "buyer's market".

Market infrastructure primarily includes banks, trade and financial exchanges, insurance companies, auditing, real estate, brokerage, advertising and other firms. It is obvious that the effective functioning of listed market institutions is not possible without modern, high-quality communication, so communication is often considered as an element of market infrastructure.

All sectors and activities have infrastructural nature, inherent in universal use of services and relationships with all the versatility of enterprises, industries and regions of the country, constituting a single economic space. Therefore, these sectors in their development largely depend on the general condition of economy, volumes, structure and distribution of productive forces, the size of the service area, population size and density. That's why for the infrastructure sector, including communications, particular importance is the problem of compliance with certain proportions between the level of development and the state of production and economic potentials served by industries and activities.

Generality of service consumption of the infrastructure determines its network infrastructure construction. This feature is associated with a large proportion of facilities and transmission devices in the industrial infrastructure funds, which accounts for the high capital intensity of the material-technical base,

long periods of its establishment and operation. This objective situation has led to the fact that many important spheres of production infrastructure such as energy, transport, communication are considered as natural monopolies, where the creation of competition is either technically impossible or economically impractical. Therefore, their activity in a market economy should be exposed to state regulation, so that the greatest degree have been observed the interests of all participants in the process of production and consumption of infrastructure services, as well as society in general.

For many branches of industrial and social infrastructure it is characterized by the presence of similar functions performed by its various components, which determines their substitutability and complementarity.

For example, a documentary message can be sent by post, e-mail, telegraph, telefax, to some extent which is interchangeable. The need for one form of messaging reduces demand for other, thereby affecting the level of utilization of productive resources and performance.

Long-distance and local calls are complementary, because the presence of users of the local phone connection increases the availability of channels for long-distance communication and provides the ability to automatically connect to the desired subscriber. This has a positive effect on the growth of long-distance telephone exchange and improves capacity utilization organizations of this sub-sector communication.

Regarded feature necessitates maintaining certain proportions in the development of individual sub-sectors and modes of communication on the basis of market research related services to identify current and future demand to optimize intra-structure and create optimal reserve production capacity for future development.

An important feature of infrastructure is also a manifestation of the main effects of its operation outside of the respective industries. Studies to assess the

effectiveness of telecommunication industry is shown that at least 90 - 95% of the total effect of the use of its services sector is manifested, that is, consumers, and only 5 - 10% - directly from the service providers in the form of profit operators. It characterizes the communication and other infrastructure sectors as the most important sector of the modern economy, improvement and development of which should be a priority national priority.

Communication infrastructure also determines the nature of its special place in the global information infrastructure, which is the product of technological and information revolutions of the late XX century. In today's world communication is not just a transport network transmitting ever-increasing flow of information, but is transformed into a qualitatively new network structure based on mutual penetration of generality and internal telecommunication, information technology and a number of postal services, which are used in the provision of telecommunication facilities. This process is called "convergence" (convergence, fusion) and causes the formation of a new sector of the economy - ICT.

As the digitization of communication networks, conversion of personal computers in the universal subscriber devices and information sources increasingly are manifested common telecommunication and information systems. Convergence covers all aspects of the development of communication and information, including services, networks, equipment, technology and operation. As a result of the widespread introduction of information and communication technologies, the conditions for the creation of hybrid, converged products and services that not only manifest properties of their constituent elements, but also by so-called "synergistic effect" increase the possibility of each individual service. As a result, consumer characteristics of traditional services significantly extend and appear fundamentally new kinds of them.

Thus, the local PBX in addition to traditional services provide about 200 additional services, such as call forwarding, message recording, incoming call

barring, etc. Deployment of intelligent platforms at various levels in the network hierarchy enables operators to provide not only a standardized set of new services with specific primary and secondary properties (for example, "Free Call", "Conference Call", "Televoting" "Virtual Private Networks", etc.), but also provides the ability to manage some of the attributes of services by users. An example of the gain "power" of the services are based on the convergence of multimedia communication, where during a session to transfer information can be used for voice, video, graphics and sound.

Development of Internet networks, providing new services and applications, including corporate information systems, e-banking, e-commerce, etc., also provides an opportunity to apply modern technology to support traditional telephony services, known as IP-telephony (Internet Phone). A distinctive feature of IP-telephony services is their relative cheapness by saving bandwidth (up to 10 times or more) compared with the traditional telephony.

The convergence of fixed and mobile communications enables you to provide a wide range of traditional and new services in a single network, which provides a special attraction for users. This convergence gives operators a competitive advantage by forming an expanded set of services to attract new customers and generate additional revenue. However, the convergence of fixed and mobile networks leads to a decrease in total operating costs by unifying procedures activate the services, processes their payment, more efficient use of personnel. In addition, thanks to the "synergistic effect", it can be a savings investment in equipment and software, for example, billing, and intelligent data platform, etc.

Thus, the introduction of ICT, convergence of networks, processes and services greatly expand the potential of the telecommunication market, and generate steadily growing demand for new services and applications, providing an increase in revenues and profits of operating companies.

## **1.2.Methods and substance of the financial analysis, model of formation and distribution**

The main purpose of financial analysis is to obtain a small number of key (the most informative) parameters that give an objective and accurate picture of the financial condition of the company, its profits and losses, changes in the structure of assets and liabilities, in settlements with debtors and creditors. At the same analyst and manager may be interested in how the current financial condition of the company and its projection in the near or further perspectives.

But only temporal limits cannot identify alternative objectives of financial analysis. They also depend on the objectives of the subjects of financial analysis, who are specific users of financial information.

Purposes of the analysis are obtained by solving a certain set of interrelated analytical problems. Analytic problem is a specification of the purpose of analysis considering organizational, informational, technical and methodological capacity for analysis. The main factor is ultimately the amount and quality of the original information. It is necessary to mean that periodic accounting or financial statements of the enterprise - it is only "raw information" prepared in the course of the enterprise accounting procedures.

To make decisions for management of production, marketing, finance, investment and innovation management business needs constant awareness of the relevant issues, which are the results of selection, analysis, evaluation and concentration of the initial raw information. It is necessary to read analytically the original data based on the analysis and management purposes.

The basic principle of analytical reading of financial statements - is a deductive method, it means, from the general to the particular. But it must be applied repeatedly. Such an analysis would be reproduced as historical and logical

sequence of economic facts and events, orientation and strength of their influence on results of activity.

Practice of financial analysis has already established the basic rules of reading (analysis methodology) financial statements. They can be divided into six main methods:

- Horizontal (time) analysis - a comparison of each position statements from the previous period;

- Vertical (structural) analysis - identification of the overall financial performance, identifying the impact of each position reporting the result as a whole;

- Trend analysis - comparison of each position with a number of statements of previous periods and definition of a trend, it means the main trends in the indicator, free from random effects and the individual characteristics of the individual periods. With the help of a trend it can be formed possible values of indicators in the future, and therefore, it will be a perspective predictive analysis;

- Analysis of the relative indicators (ratios) - calculation of relations between the individual positions of the report or different reporting forms to determine interrelations of indicators;

- Comparative (spatial) analysis - it's like inside-economic analysis of composite indicators reporting on individual indicators of firm, subsidiaries, divisions, departments and inter-farm analysis of indicators of the firm with the performance of competitors, with the average and average economic data;

- Factor analysis - analysis of the impact of individual factors (reasons) on a productive indicator using deterministic or stochastic methods of investigation. Moreover, factor analysis can be both direct (own analysis) when the index score is crushed into smaller pieces and inverse (synthesis) where its elements are combined in a total effective rate.

Financial analysis is part of a full analysis of economic activity, which consists of two closely related topics: financial analysis and production management analysis.

Separation analysis on financial and management is due to prevailing practice division accounting system across the enterprise for the financial accounting and management accounting. Such separation analysis is somewhat arbitrary because the internal analysis can be considered as a continuation of the external analysis and contrariwise. In the interests of both types of analysis of the case feed each other information.

Features of external financial analysis are:

- multiplicity of subjects analysis, information about users of the enterprise;
- a variety of purposes and interests of the analysis;
- availability of model analysis techniques, accounting and reporting standards;
- focus only on the analysis of public, external reporting enterprise;
- limitations analysis problems as a consequence of the previous;
- factor;
- maximum transparency of the analysis for users of information about the activities of the enterprise.

Financial analysis, based on data from only accounting, assumes the character of external analysis, it means, analysis conducted outside the enterprise concerned its contractors, owners or public authorities. This analysis is based only on reported data, which contain only a very limited part of the information about its activity and cannot reveal all the secrets of success of the company.

The main contents of external financial analysis carried out by the partners of the enterprise according to public financial statements are as follows:

- analysis of absolute profit indicators;
- analysis of the relative profitability;

- analysis of financial condition, market stability, balance sheet liquidity, solvency of the enterprise;

- efficiency analysis using loan capital.

There is diverse economic information on the activities of enterprises and many ways to analyze this activity. Financial analysis according to the financial statements referred to the classical method of analysis. Intracompany financial analysis uses as a source of information and other data in the system accounting data on the technical preparation of production, regulatory and routine information, etc.

A large number of indicators describing the financial performance create methodological difficulties in their systemic review. Differences in the appointment of indicators make it difficult choices each participant commodity exchange of their needs for information about the real state of the enterprise. For example, the administration of the enterprise is interested in the mass of profits and its structure, factors affecting its value. Tax inspections are interested in obtaining reliable information on all terms of the balance sheet profit: profit from sales, profits from the sale of property, extraordinary performance of the enterprise, etc. Analysis each term of profits of the enterprise is not abstract, and quite specific, because it allows the founders and shareholders to select significant directions of revitalization of the enterprise. Profit analysis allows other market participants to develop the necessary strategy of behavior aimed at minimizing losses and financial risk from investments in the enterprise.

Analysis of the financial performance of the company includes mandatory elements of study:

- firstly, changes of each indicator for the current analyzed period ("horizontal analysis" indicators of financial results for the reporting period);

- secondly, study the structure of indicators and their changes (that is called "vertical analysis" indicators);

-thirdly, study at least in the most general form of the dynamics of changes in indicators of financial results for a number of periods (the "trend analysis" indicators).

Further analysis should specify the reasons for the change came from product sales for each factor.

The main contents of the financial analysis are:

- analysis of the dynamics and factors of changing the structure of the financial results;

- factor analysis of profit from sales of products, goods, works and services;

- calculation of indicators to measure the quality level of achievement of financial results;

- analysis of the factors of formation of profit from financial activities;

- analysis of the factors in the formation and distribution of general accounting profit;

- analysis of the composition and structure of the taxable profit.

Basic social-production function of communication and its member organizations is to provide services that ensure the needs of all groups of subscribers and users in the transmission of information. At the same time, in terms of commodity-money relations, business success is possible only when the implementation of services brings enough cash to recover the costs of operators with the mandatory fees established by the legislation, funding the production and social development. This approach is dictated by the most important principle of the market economy –the principle of self-sufficiency and self-financing, in which each business entity must cover their production costs and provide for the expanded reproduction of funds received during the implementation of the final performance.

As the main purpose of the communications industry is to provide telecommunication services to consumers, the main indicator of the final results of the operators are revenues from telecommunications services received from their

sale to consumers at fixed tariffs. In conditions when telecommunication operators provide services not only to final consumers (people and organizations), but also other telecommunication companies of the public network based on contracts for inter-operator interaction, the total income of these operators also includes revenues from interconnection and transmission services traffic. Total amount of income the telecommunications industry consists of revenues of each operator and it is in direct proportion to the volume of services provided and the existing tariffs (prices) for their respective views.

Total revenue from telecommunications services is determined by the amount received from all kinds of services

Provision of services to the public users, organizations and affiliate telecommunications companies relates to sphere of primary activity of telecom operators. In addition, they carry out certain types of work and provide compensatory services not related to the transfer of information and communications service that is related to non-core activities. This, for example, renting the Company's assets, wholesale and retail trade, associated with the provision of communication services (e.g., sale of cellular phones, their accessories, etc.), transport services means the depot owned by the communications organizations, Printing and Publishing activities, ambulatory service, sales vouchers to subordinate and holiday homes, and more. For their implementation communication organization receives certain revenues ( $R_{\text{non-oper.}}$ ), which together with revenues from telecommunications services form proceeds from the sale of goods, works and services. Thus, the proceeds from the sale are calculated as the sum of revenues from telecommunications services and income from non-operating activities:

$$P_{\text{sale}} = R_{\text{serv}} + R_{\text{non-oper}} \quad (1)$$

In postal services share of income from non-core activities in the revenue takes a consistently high proportion exceeding 25%, which tends to grow by

expanding the range of non-core services, trade-related financial servicing of consumers and other activities.

Received revenue of communication organizations is a source of cost recovery from ordinary activities. Because the manufacturing process to provide services and operational and technical maintenance of equipment and communication facilities, as well as direct interaction with consumers is carried out within the branches of communication companies and their structural units, they should be empowered necessary funds to compensate for the costs associated with their production activity. Therefore, part of the total revenue in the branch network should be apportioned between the structures in their ranks.

Methods of distribution of income within the business entities may be different. The most typical is a procedure for the distribution revenues in which each branch fully retains the revenue from additional services and non-core activities, as well as part of the revenues from basic services in an amount sufficient to cover their operating costs. These funds must compensate:

- Labor costs of employees and the payment of bonuses in accordance with the provision in the branch on bonus payment;
- Payment of taxes to the budgets of the country and municipal budgets;
- Cover material costs, including costs associated with the capital repairs of communication assets, content objects of social sphere and residential property which on its balance sheet;
- Costs associated with the implementation of investment programs.

In general, the mechanisms of income distribution in organizations due to the extensive branch network should be improved towards the development and implementation of effective methods to promote structural units to increase profits and revenues from all activities to improve the overall performance of companies.

In a market economy the condition of the success of any business entity is the excess of its income (earnings) over the costs associated with the creation of

products or services, and make a profit. The greater the difference there is, the greater the chances will be, as individual businesses and society in general should satisfy industrial, social, spiritual and other needs. Thus, the profit serves as the most important indicator, which characterizes the outcomes and effectiveness of businesses.

In the telecommunications industry, several indicators of profit are used. Main one is - the profit from sales ( $P_{\text{sales}}$ ), defined as the difference between the revenues from the sale of goods, works and services ( $R_{\text{service}}$ ) and expenses from ordinary activities ( $Ex_{\text{activity}}$ ):

$$P_{\text{sales}} = R_{\text{service}} - Ex_{\text{activity}} \quad (2)$$

In accordance with the legislation of the Republic of Uzbekistan received profit of communication organizations is taxable. Because in addition to the principal activity of providing telecommunication services operators carry out other kinds of works commercial character, total profit, taxable profit ( $P_{\text{Tax}}$ ), also includes profit or loss from operating activities ( $P(L)_{\text{operat}}$ ) and profit or loss from non-operating activities ( $P(Y)_{\text{non-oper}}$ ). Taxable profit is calculated as follows:

$$P_{\text{Tax}} = P_{\text{sales}} \pm P(L)_{\text{operat}} \pm P(Y)_{\text{non-oper}} \quad (3)$$

Operating activities include participation of operators in the charter capital of other organizations and joint activities, sale of fixed assets, tangible assets, financial investments and intangible assets. Profits from operating activities are also taken into account the difference between percentage of income and expense, and the costs - payment of credit organizations operating expenses of Taxation and several others.

Profit or loss from non-sales activities are formed due to exchange rate and sum differences; fines, penalties, penalties for breach of commercial contracts; receivables with expired limitation period and (or) uncollectible; profits or losses of the previous years, identified in the reporting year; donated funds received; costs of

charitable activities and other income and expenses in accordance with the Tax Code of Uzbekistan.

The remaining after-tax profit goes to the company and is called net profit. In the general case it is determined by this formula:

$$\text{Net Profit} = P_{\text{Tax}} - P_{\text{Tax}} * N_{\text{tax}}; \quad (4)$$

Here:  $N_{\text{tax}}$  – the current norm (rate) of income tax.

Income tax rate is established as a rule, a single by its absolute value with division to determine the amount of taxes payable to the various budgets.

Company's net profit is spent on various purposes which are defined by collective of the enterprise or meeting of shareholders. The most common areas of using profits are retained by the organization for its formation due to accumulation and consumption funds. Accumulation fund is intended to finance the construction of new communication facilities and housing construction, expansion and modernization of the existing network, purchasing new equipment, replenishment of working capital.

Profits, going to fund consumption, cost for providing employee of communication organizations of various labor and social benefits. These include, for example, payment of additional holidays (over legislation) workers, including women with children; allowances to pensions and lump sum payments to retiring veterans of labor; scholarships to students of the organization to study in higher and secondary specialized educational institutions; payment vouchers for employees and their children for treatment, tours and travel; compensation increase in the cost canteens and buffets of the enterprise; financial assistance, including down payment for housing; means for repayment of loans allocated to employees to improve their living conditions; payment of housing, rents, places in the hostel; travel expenses to and from work; insurance premiums paid by operators under contracts of personal and property insurance for the benefit of their employees and others

In joint-stock companies of telecommunication net profit can be formed as a reserve and a special fund for the employees that secured the Company's Charter. The reserve fund is intended to cover losses and to redeem the company's bonds and repurchase its shares. The exclusive purpose of employee stock ownership fund is to gain shares in the company, sold to its shareholders for their subsequent distribution among members of the production team. Dimensions and order allocations to these funds are governed by the charter company, and order of their use is determined by the Board of Directors of JSC.

Dividend payments from net profit are carried out on preferred and common shares. The decision on the amount of income allocated to the payment of dividends is accepted by the AGM on the recommendation of the Board of Directors of JSC.

Profit remaining at the disposal of the company can be directly used for its intended purpose without the formation of special funds. If by the end of the reporting period (year or quarter) all profit of organization are not used, the remaining part is called retained and considered as a source of equity.

Thus, the economic profit determines the result of communication organizations in absolute terms, and it characterizes the effect of industrial and commercial activity. The absolute magnitude of this effect is higher the greater the amount of revenues and profits operators receive and it means that industrial resources and expenses are more economically spent. As a result, companies have greater financial opportunities for production and social development, increasing their competitiveness and investment attractiveness.

Profit growth creates financial base for self-financing, extended reproduction, to address social and material needs of the labor collectives. At the expense of profits the part of the Company's liabilities to the budget, banks and other businesses and organizations is carried out also. So profit indicators are important for assessing the operational and financial enterprises. They characterize

the extent of its business activities and financial well-being. Profit is determined by the rate of return of funds advanced and the profitability of investments in the assets of the enterprise.

The final financial results of the company is – the balance sheet of profit or loss, which is the algebraic sum result of sales of products (works, services); results from other sales; balance of income and expenses from operations. Formalized account of the balance profit is as follows:

$$P_b = P_{\text{sale}} \pm P_{\text{other}} \pm P_{\text{non-oper}} \quad (5)$$

Here:  $P_b$  – balance profit or loss;

$P_{\text{sale}}$  – result (profit or loss) from sale of goods (works, services);

$P_{\text{other}}$  – result from other sales: profit (loss) on disposal of fixed assets and other assets of the company;

$P_{\text{non-oper}}$  - balance of income and expenses from non-operating activities.

Results from sale of goods (works, services) are determined by the following calculation:

$$P^P = N_P - S_P - T_{\text{VAT}} - T_{\text{ex}} \quad (6)$$

Here:  $N_P$ – revenue from the sale of goods (works, services);

$S_P$  – the production costs of products (works, services);

$T_{\text{VAT}}$ – value-added tax (VAT);

$T_{\text{ex}}$ – excise taxes, special tax and export duties.

The starting point in the calculation of profit indicators is the company's turnover for sales. Revenue from sale of goods (works, services) represents the completion of the production cycle of the enterprise, the return of advances on the production of the enterprise in the form of money and the beginning of a new round of the turnover of all funds. Changes in the sales volume have the most impact on sensitive financial performance, so the finance department should organize daily operational control of the process of shipment and sales.

The main objectives of the analysis of financial results of the company are: assessment of the dynamics of profit indicators, the validity of formation and distribution of their actual value; identifying and measuring the effect of different factors on profit; assessment of possible reserves of further profit growth based on the optimization of production and costs.

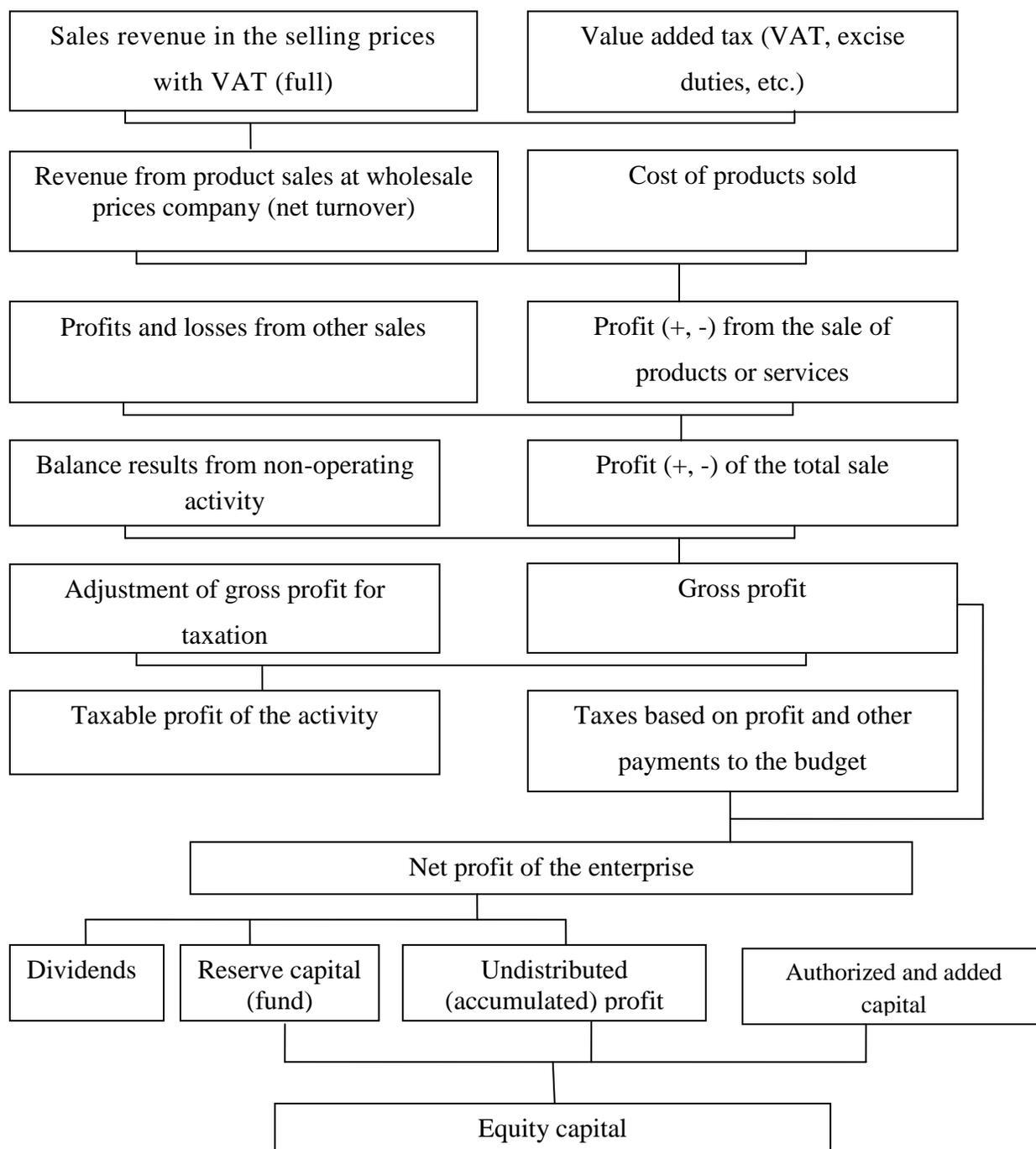
Theoretical basis for economic analysis of the financial performance of the company is accepted for all businesses, regardless of ownership, a single model of the economic mechanism of the enterprise, based on the taxation of profits in market conditions (picture 1.3.1.), which is essentially a model of the formation and distribution of financial results.

It reflects inherent in all businesses operating in market conditions as independent producers, the unity of purpose of the activity, unity indicators of financial performance, the unity of the formation and distribution of profits, the unity of the tax system.

Business model in a market economy contains a number of iterations or calculations. Let us examine them in more detail.

**First iteration.** Determining the profits from sales of products (works, services) and other tangible assets (other revenues). Sales profit is the difference between the proceeds from sales at current prices (excluding value, added tax and excise taxes) and the cost of production and sales, which is included in the cost. In the production costs the determination of profit includes: material costs, plus costs associated with the use of natural resources; depreciation on the full restoration of basic production assets; labor costs, including bonuses for not only workers, but also managers, professionals and other employees for the production results (within the rated values of these costs); contributions to the state social insurance, deductions for health insurance; compulsory insurance payments of property; payments on loans to banks and suppliers within the rates set by law, except for interest on arrears and deferred loans and loans that received to fill a lack of

working capital, purchase of fixed assets and intangible assets; cost of all repairs and other costs of production and marketing.



**Picture 1.3.1. Model of the economic mechanism of the enterprise, based on the taxation of profits<sup>2</sup>**

<sup>2</sup> Vahobov A.V., Ibrohimov A.T., Ishankulov N.F. The financial and administrative analysis: the manual –T. “Shark”, 2005. – 480 b.

Profit (loss) on sales of fixed assets and other tangible assets (other assets) is defined as the difference between the sales (market) price of property and the cost or value of the property.

**Second iteration.** Determining gross profit. Gross income is the sum of profits from product sales and other sales and income from non-operating activities, reduced by the costs of these operations. The composition of income (expenses) from non-operating activities includes: income received from equity participation in joint ventures; from the lease of property; income from shares, bonds and other securities belonging to the enterprise; amounts received and paid in the form of economic sanctions and damages; other income and expenses from operations that are not directly related to production and sales.

Cost of production does not include payments in cash and natural forms, which are produced by the profit retained by the Company, and special sources, and payments not directly related to wages.

Payment to the budget in the form of sanctions in accordance with law, shall be paid from profits retained by the company, and is not included in the expenses from non-operating activities.

The key point of the analysis is to develop a measure of total balance sheet profit. It should be assessed the impact of progressive factors in the formation of profit - to reduce production costs, growth in sales of products, improve the quality and range of products. There are identified such factors that cannot be called a merit of businesses - inflated prices, tariffs, a violation of the standards, etc.

**Third iteration.** Determination of taxable balance profits.

For calculating taxable profits, tax profit should be corrected: increased by the amount of excess of labor costs company personnel engaged in operating activities in the cost of sales as compared to their normalized value; reduced by the amount of rental payments to be made in the prescribed manner

to the budget of the profits; reduced by the amount of income received from shares, bonds and other securities belonging to the enterprise; reduced by the amount of income received from equity investments in other companies (except for income earned outside the Republic of Uzbekistan).

**Forth iteration.** Determination of the enterprise income tax.

Tax amount is determined based on the amount of taxable profits considering ongoing benefits and income tax rates. Enterprises, in addition to income tax, pay taxes with the following types of income and profits: the dividends from interest earned on stocks and bonds owned enterprises, as well as income from participations in other enterprises established in the country; income (including income from rental and other uses) casino and video clubs (from the video display), from video rental and audio cassettes and records on them, from slot machines with money prizes; to profit from holding mass events and concerts at venues and premises, the number of seats more than two thousand. These taxes are levied from the source of income.

In accordance with the Law of the Republic of Uzbekistan "On income tax of enterprises and organizations" for certain types of tax payers, there are established tax benefits in one of the following forms: complete exemption from tax; providing tax "holidays" (first two years); lowering tax rates; a reduction in the taxable income. Detailed calculation and payment of income tax is determined by the instructions of the State Tax Committee of Uzbekistan. Here we emphasize only the position of the rental companies, formed on the basis of state-owned enterprises and their divisions. Such enterprises reduce the amount of tax on the value of rents (net of depreciation, its constituent) to be established in order contribution to the budget.

Dividends received on government bonds and securities are released from the taxation. Full Information on sums of paid and accrued taxes and other payments to the budget, due to be paid and actually paid for the period,

presented in section II of the report of the Company's financial results and their use.

**Fifth iteration.** Determination and allocation of net profit for the disposal of the enterprise.

Company's net profit is determined as the difference between taxable profit and the carrying value of tax privileges. Directions of use of net profit are defined by the enterprise independently. The directions of use of profit accepted in practice are specified in the scheme. They are presented in section II of the report of the enterprise about financial results and their use. The state influence on a choice of directions of use of net profit is carried out through taxes, tax privileges, and also economic sanctions.

Generalized characteristics of economic activities of enterprises in the market economy give the net profit and financial position. It is important to obtain not only the greatest possible profits, but also the right using of the profits retained in the disposal of the company, ensuring the optimum ratio pace of technological, industrial and social expanded reproduction. In the dynamics of growth of enterprise own funds there are shown, ultimately, the success or shortcomings of the enterprise.

Considered model of the formation and distribution of financial performance of the company in a market economy reflects the main features of the system adopted normative distribution relations between the interests of the state and the individual businesses (entrepreneurs). From the point of view of the enterprise tax as a system of grant exemption of a certain percentage of profits to the state budget is inevitable, objectively necessary element in the functioning of the capital of the enterprise. The value of this element can be minimized by improving the system of in-process planning and control of costs and investments, through a comprehensive rationalization of economic activity and informed choice of accounting policies.

Model of the formation and distribution of financial performance of the company determines the order and direction of profit indicators analysis. The following is a method of analysis of the main indicators.

Implementation of the plan of profit largely depends on the financial results of the non-selling products. This is primarily operating and non-operating income and expenses.

Operating income includes interest income on bonds, deposits of government securities, income from participation in other organizations, the income from the sale of fixed assets and other assets, etc.

Operating expenses include the payment of interest on bonds, shares, for providing the organization's use of funds (credits, loans). They also include expenses of the organization on the content of canned production facilities and, mobilization capacity, the costs associated with the cancellation of production orders (contracts), the cessation of production, the costs associated with servicing of securities (cash consulting and intermediary services, depository services etc.).

Non-operating incomes and expenses - are the profit (loss) of previous years identified in the reporting year; exchange differences on foreign currency transactions; received and paid fines, penalties and fines; losses from writing off bad debts on which the statute of limitations had expired; losses from natural disasters, etc.

During the analysis, composition, dynamics, implementation of the plan and factors of changing amounts incurred losses and profits on each individual case are studied.

The main types of securities are stocks, bonds of internal state and local loans, bonds of business entities (corporations, commercial banks), certificates of deposit, treasury, banking and commercial bills, etc.

Shareholder income is the sum of the dividend and capital gains invested in stocks due to their growth rates. Dividend depends on the number of shares and the level of the dividend per share. During the analysis, the dynamics of dividends, share price, net profit per share are established to the pace of their growth or decline.

Income from other securities (bonds, certificates of deposit, and bills) depends on the amount of purchased bonds, certificates of deposit, bills, rates and interest rates.

Analysis of non-operating income and expenses should be carried out in each case.

Losses from fines arise in connection with violation of individual services contracts with other companies, organizations and institutions. When analyzing establishes causes of default, measures should be taken to prevent mistakes.

Change in the amount of received fines may occur not only as a result of breach of contractual obligations to suppliers and contractors, but also because of the weakening of the financial control of the company against them. Therefore, when analyzing this indicator it should be checked whether all cases of breach of contractual obligations to suppliers were presented to the relevant sanctions.

Losses from writing off bad debts usually arise in those enterprises where production accounting and inventory control of calculations are not up to snuff. Income (loss) of previous years, identified in the current year, also indicates the shortcomings of accounting.

In conclusion, the analysis of specific activities is designed to prevent and reduce damages and losses from operations and increases profits from long-term and short-term investments.

### 1.3. Factor analysis of the profits from the sale of goods (works, services)

Profit from sale of marketable products in general is influenced by factors such as changes:

- sales volume;
- product mix;
- selling prices of products sold; prices of raw materials, fuel, energy tariffs and transportation;
- the level of costs of material and labor resources.

The method of formalized calculation factor influences the profit from sales.

1. Calculation of the total profit change from sales:

$$\Delta P = P_1 - P_0 \quad (7)$$

Here:  $P_1$  – profit of fiscal year;  $P_0$  – profit of base year.

2. Calculation of the influence on profits of changes in selling prices on products sold ( $\Delta P_1$ ):

$$\Delta P_1 = N_{p1} - N_{p1,0} \quad (8)$$

Here:  $N_{p1}$  – sale in the fiscal year with the prices of fiscal year ( $p$  – price of the product;  $q$  – quantity of items);

$N_{p1,0}$  – sale in the fiscal year with the prices of the base year.

3. Calculation of the influence on profit of changes in volume of goods ( $\Delta P_2$ ) (actual volume of production valued at planned (base) cost):

$$\Delta P_2 = P_0 K_1 - P_0 = P_0 (K_1 - 1) \quad (9)$$

Here:  $P_0$  – profit of base year;

$K_1$  – coefficient of growth of product sales;

$$K_1 = S_{1,0} / S_0 \quad (10)$$

Here:  $S_{1,0}$  – the actual cost of sales for the fiscal period in prices and tariffs of the base period;

$S_0$  - cost of the base year (period).

4. Calculation of influence on profit of changes in volume of production, due to changes in the structure of production ( $\Delta P_3$ ):

$$\Delta P_3 = P_0 - (K_2 - K_1) \quad (11)$$

Here:  $K_2$  – the growth rate in sales volume valued at cost prices;

$$K_2 = N_{1,0} / N_0 \quad (12)$$

Here:  $N_{1,0}$  – sales of the fiscal period at the prices of the base period;

$N_0$  - sales in the base period.

5. Calculation affect to profit savings from reduced production costs ( $\Delta P_4$ ):

$$\Delta P_4 = S_{1,0} - S_1 \quad (13)$$

Here:  $S_{1,0}$  – cost of sales in the fiscal period, the prices and conditions of the base period;  $S_1$  - the actual cost of sales in the fiscal period.

6. Calculation of influence on profit due to changes in the cost of structural shifts in the composition of products ( $\Delta P_5$ ):

$$\Delta P_5 = S_0 * K_2 - S_{1,0} \quad (14)$$

Separate calculation based on accounting data determines the effect on profit of changes in material prices and tariffs ( $\Delta P_6$ ), as well as savings caused by violations of economic discipline ( $\Delta P_7$ ):

$$\Delta P = P_1 - P_0 = \Delta P_1 + \Delta P_2 + \Delta P_3 + \Delta P_4 + \Delta P_5 + \Delta P_6 + \Delta P_7 \quad (15)$$

#### 1.4. Indicators of efficiency of the enterprise

To assess the financial results it is also necessary to calculate efficiency ratios. These include profitability ratios that characterize the share of profits in relation to indicators of economic activity.

In a market economy the main purpose of the business entity-entrepreneur is to get more return on investment provided to maintain a stable financial condition of the company.

When analyzing the various economic activities, profitability ratios that characterize certain levels of effective use of resources are also calculated. The main ones of interest to every entrepreneur and investor are as follows:

- profitability of product sales;
- profitability of fixed capital;
- profitability of equity;
- profitability of costs.

**Profitability of product sales** ( $P_{\text{product sales}}$ ) describes the proportion of profit per unit of sales, the efficiency level of sales, and is determined by dividing gross profit on net revenues from product sales by the formula:

$$P_{\text{product sales}} = \text{Gross profit} * 100 / \text{Net revenues from product sales} \quad (16)$$

**Profitability of fixed capital** ( $P_{\text{fixed capital}}$ ) is the share of net profit, attributable to 1 sum invested to economic resources, it is defined as the ratio of net profit to the average amount of fixed capital by the formula:

$$P_{\text{fixed capital}} = \text{Net profit} * 100 / \text{Fixed capital} \quad (17)$$

It also describes the effectiveness of capital.

**Profitability of equity** ( $P_{\text{equity}}$ ) is the share of net profit on 1 sum of equity capital, it is defined as the ratio of net profit to the average amount of equity by the formula:

$$P_{\text{equity}} = \text{Net profit} * 100 / \text{Equity} \quad (18)$$

The average annual amount fixed capital and equity is calculated as the chronological average of quarterly financial statements.

**Profitability of service costs** ( $P_{\text{service costs}}$ ) characterizes the share of profit from core production activities in spending core production activities, the production cost of goods sold plus expenses of the period, it is calculated by the formula:

$$P_{\text{service costs}} = \text{Net profit} * 100 / \text{Cost of services} \quad (19)$$

Financial position of the company, which is interested in by entrepreneurs, investors and shareholders, is determined by as return on investment, basic and equity.

**Payback of equity** is the period during that the entire is fiddling around in the capital economy, it is defined as the ratio of the average amount equity to the sum of net profit by the formula:

$$\text{Payback of equity} = \text{Equity} / \text{Net profit} \quad (20)$$

**Profitability of current assets** ( $P_{\text{current assets}}$ ) of enterprise is the share of the net profits earned on the 1 sum of current assets. It is defined as the ratio of net profit to the average amount of current assets by the formula:

$$P_{\text{current assets}} = \text{Net profit} * 100 / \text{Current assets} \quad (21)$$

In analyzing the financial results of the enterprise it is necessary to do:

-determine the parameters describing the financial position of the company; the amount of profit, profitability and return on capital by type

during the reporting period, and compare them with data for the previous year and the business plan;

- to determine the dynamics for a number of years, profit indicators and profitability, to calculate the pace of growth and change;

- identify and calculate the factors that have influenced on the profit and profitability;

- analyze the main factors affecting profit and profitability;

- to develop specific recommendations for improving profit and profitability; efficient use of resources of the enterprise.

## **II. THE ANALYSIS OF FINANCIAL RESULTS OF “UZBEKTELECOM” JSC**

### **2.1. General characteristic of “UZBEKTELECOM” JSC**

“Uzbektelecom” Joint Stock Company is the largest telecommunication operator, which network covers the entire territory of the Republic of Uzbekistan.

Using its telecommunication network based on modern technology, the Company offers the following services:

- channel rent for operators and providers of fixed and mobile communications;
- international and long distance communication,
- provides all types of voice and data transmission,
- Internet access,
- videoconferencing,
- mobile and fixed communication of CDMA-450 standard,
- organizes channels for television and radio broadcasting.

The company is also the largest supplier of telecommunication services to government agencies and departments.

The main goal of “Uzbektelecom” JSC is to provide the modern and high-quality telecommunication services to people and government structures and departments all over the territory of Uzbekistan at any time of the day.

“Uzbektelecom” JSC constantly cooperates with international communication organizations, participates in international telecommunication projects, has bilateral cooperation with foreign operators and manufacturers of telecommunication equipment.

“Uzbektelecom” actively cooperates with the International Telecommunication Union (ITU), Regional Commonwealth in Communications (RCC), Satellite Telecommunications Organization Intelsat, is a member of the Board of operators of RCC and others.

Local telecommunication network of the company includes more than two thousand EDS with the capacity of more than 2.0 million subscribers, 93.6% of which are digital<sup>3</sup>. Digitalization of local telecommunication network significantly improved functioning of telecommunication networks, provided the subscribers with network of new services, as well as made it possible to organize high-speed dial-up Internet for wide range of users.

The basis for economic activity of the Company – provision of long distance and international telecommunication services to all consumers all over the territory of the Republic. At the same time along with traditional services of voice communication and Internet access, the Company provides modern services of data transmission through wired and wireless technologies.

In addition, the Company provides services on joining of other operators, channel leasing to operators and providers.

Transport Network of the Company is organized on the basis of fiber-optic and microwave links using advanced SDH network technologies providing multi-level network control. To ensure high quality of new services and expanding their range, gradual transition to high-speed transmission systems of STM-1/4 / 16/64, DWDM and IP / MPLS type is being made.

The company provides Internet access through the International Packet Switching Center (IPSC) to all providers of the country.

Access to Internet and data networks of “UZBEKTELECOM” JSC is implemented by branches of the Company via leased lines using xDSL technology and RadioEthernet or dial-up access.

The list of data transfer network services of “UZBEKTELECOM” JSC includes Internet access, VPN, videoconferencing, development and construction of corporate networks and others. By means of VoIP international voice

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<sup>3</sup> <http://uztelecom.uz/en/company/>

communication gateway “Uzbektelecom” and its branches provide international telephone services on prepaid cards.

“Uzbektelecom” JSC provides international telephone services via two international switching centers, maintaining partnership relations with more than 20 international operators in the field of traditional communication.

General brand of “UZBEKTELECOM” JSC since 2011 is a brand UZTELECOM™.

Services of the company in the market are provided under three brands — UZTELECOM™, UZMOBILE™ and UZONLINE™.

Under general UZTELECOM™ brand and the slogan «national operator» a complex of traditional services for retail sector, as well as full range of services for operators in domestic and international markets are provided.

UZTELECOM™ also includes a complex of telecommunication services for corporate sector: fixed telephony, wired and wireless broadband Internet access, DT (data transfer), VPN (virtual private network), IP telephony, IPTV, virtual office EDS, video conferencing, mobile communication, mobile DT.

Under the brand UZONLINE™ telecommunication services of new generation for retail sector and small business are provided: services based on IP technology — Internet access, IP telephony, IPTV, universal payment cards for IP-telephony and Internet services, etc.

Under the brand UZMOBILE™ the services of mobile and fixed communication on the basis of CDMA-450standard are provided.

The Company has 22 affiliates, 14 of them are regional branches, 8 specialized and 3 subsidiaries. Personnel of the Company at the end of 2010 was about 14 000 employees<sup>4</sup>.

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<sup>4</sup> <http://uztelecom.uz/en/company/>

“Uzbektelecom” JSC has shares in eight joint ventures providing mobile and fixed-line, long distance and international communication, data transfer and Internet services.

In 2010 “SGS” certification body granted “Uzbektelecom” Joint Stock Company a certificate of conformity with the international ISO 9001:2008 standard.

One of the potentially developing services is mobile wireless communication in CDMA standard.

In conditions of competition, strengthening in traditional services segment as well as maintaining and strengthening the status of the most powerful operator in the country, “Uzbektelecom” conducts active diversification of economic activities, opening new markets and developing innovative services.

“Uzbektelecom” JSC has a great potential and infrastructure resources for further dynamic development. During the late years the Company seriously strengthened and extended the technological potential of its network by modernization the majority of the telephone stations and backbone links.

Network infrastructure of the Company allows to connect millions of consumers around the world.

The Company has direct international connections to network operators and cooperates with international operators and companies for provision of traffic transit services to international operators and leases international digital channels of practically any capacity.

“Uzbektelecom” JSC is a member of Telecommunication Operators Council of the Regional Commonwealth in the field of communications (RCC) and participates in other international organizations.

“Uzbektelecom” Joint Stock Company is created as open joint stock company according to the Decree of the President of the Republic of Uzbekistan dated June 28, 2000 № DP–2647 “On measures for improvement of management in

telecommunications sphere” and the Resolution of Cabinet of Minister of the Republic of Uzbekistan dated June 30, 2000 № 253 “On issues of organizational activities of “Uzbektelecom” JSC”.

Statutory fund of “Uzbektelecom” consists of 37 729 606,482 thousand sums, divided by the 32 694 633 shares, allocated as follows:

- state share – 45% (14712585units of shares);
- share of foreign investors – 49% (16 020370units of shares);
- share of legal and physical entities, residents of the Republic of Uzbekistan – 6% (161678 units of shares).

Issue of shares in non-cash have been realized in the amount of 37 729 606,482 thousand sums with the nominal value of 1 154 sums and in the number of 32 694 633 units, including 31 579 649 ordinary registered units and 1 114 984 units of preferred shares<sup>5</sup>.

## **2.2. The analysis of the structure of financial results and their dynamics on “Uzbektelecom” JSC**

In analyzing the financial results of “Uzbektelecom” JSC, accounting data on the forms №1 "Balance Sheet" and №2 "Statement of Financial Performance" have been used.

According to "Statement of Financial Performance" of “Uzbektelecom” JSC, in the base year net revenues from services rendered amounted to 272520974 thousand soums, cost of services rendered during this period was 154439243 thousand soums as well as net profit was 5336883 thousand soums. In the reporting year these numbers were 408929844 thousand soums, 222643207 thousand soums and 9959647 thousand soums respectively. For an estimation of the received

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<sup>5</sup> Annual report 2012 of “Uzbektelecom” JSC

financial results, the analysis of their structure and dynamics (table 2.2.1) has been carried out.

Table 2.2.1

Analysis of the structure of financial results and their dynamics<sup>6</sup>

Indicators	Base year		Financial year		Difference (+;-)	
	Sum, thousand soums	Unit weight%	Sum, thousand soums	Unit weight%	Sum, thousand soums	Unit weight%
1. Gross profit from services rendered	118081731	1284,01	186286637	1229,77	+68204906	-54,23
2. Period expenses and other income (expenses) from main activity	-77465992	842,36	-110720599	730,92	+33254607	-111,43
3. Profit (loss) from operating activities	40615739	441,65	75566038	498,85	+34950299	+57,20
4. Profit (loss) from financial activities	-31419429	341,66	-60418067	398,85	+34226827	+57,19
5. Financial result of general economic activity	9196310	100	15147971	100	+5951661	-
6. Extraordinary profit or loss	-	-	-	-	-	-
7. Profit before payment of tax on income	9196310	100	15147971	100	+5951661	-
8. Tax on income	-3433129	37,33	-4324017	28,54	+890888	-8,78
9. Other taxes and fees on income	-426298	4,63	-864307	5,70	+438009	+1,07
10. Net profit (loss) for the period	5336883	58,03	9959647	65,74	+4622764	+7,71

It can be seen from the table that in the company's net profit in the reporting year compared with the previous year increased by 4622764 thousand soums. The main cause for this is that the company's gross profit from services rendered in the fiscal year increased by 68204906 thousand soums compared with the base year.

It means that gross profit on the rendered services in accounting year has exceeded profit before payment of tax in about 12, 29 times. As well as, period expenses and other expenses from operating activities increased by 33254607

<sup>6</sup> performed by author according to "Statement of Financial Performance" of "Uzbektelecom" JSC – 2012

thousand soums in the fiscal year compared with the base year. But from the point of view of unit weight they decreased by 111,43%. As a result of increased period expenses and other expenses from operating activities profit from operating activity of the company amounted to 75566038 thousand soums that exceeded the amount of net profit in 4,98 times. It should be noted that there were large costs of services rendered from financing activities in “Uzbektelecom” in the reporting year and they amounted to 60418067 thousand soums. Despite this increased costs, in the analyzed company, a profit before tax was 15147971thousand soums in the reporting year that 5951661thousand soums more than the previous year.

In the analysis it should be calculated the effects on profit of the following main factors:

- the volume of services rendered;
- income from services rendered;
- cost of services rendered;
- period expenses;
- income and expenses from operating activities;
- income and expenses from financial activities;
- extraordinary gains and losses;
- the amount of income taxes, other taxes and fees.

To determine the influence of these factors on profit on the basis of the "Statement of Financial Performance" for the reporting period it was considered the structure of revenues and expenses by “Uzbektelecom” JSC (Table 2.2.2).

It can be clearly seen from table 2.2.2 that the total income for the fiscal year compared to the base year increased by 137104066 thousand soums and costs 132481302 thousand soums. There were changes in the structure of both revenues and expenses of the analyzed company for the reporting period. The share of net revenue from services rendered in total revenues increased by 2.91% and amounted to 93.08% in the reporting year.





But the amount of other operating income from operations decreased by 4532993 thousand soums and its unit weight decreased by 3.23%. There were also a reduction of dividend income in the financial year from 2514622 thousand soums to 1477006 thousand soums, its unit weight decreased by 0.49% (from 0.83% to 0.34%). However, incomes from interest on loans and exchange currency differences and other income from financial activities increased slightly.

In the analyzed financial result there was an increase in the cost of services rendered to 68203964 thousand soums. However, its unit weight decreased by 0,17% (from 52,02% to 51,85%). This is one of the main cause of the increasing of financial results. There were a decline in both administrative expenses and expenses from financial activities except exchange currency differences in the reporting year and amounted 12727402 thousand soums, 212316240 thousand soums for expenses from interest on loans and 141641 thousand soums for other expenses from financial activities. Selling expenses and loss from exchange currency differences increased by 0,18% and 7,11% respectively compared to the base year. There were increase in both tax on income and other taxes and fees in the fiscal year and they amounted 4324017 thousand soums and 864307 thousand soums, but they did not effect on the increase of revenue. As a result income of the company exceeded expense amounting to 4622764 thousand soums.

Revenue growth for the year was 45,37% and it was a great result for the company in the reporting year, however growth of expenses was 44,62%.

During the analysis of financial results of “Uzbektelecom” JSC, there was comparative evaluation of the influence of factors on the amount of net profit for the reporting year compared to the base year. The results of the analysis are presented in Table 2.2.3.

It can be clearly shown from the table that the main indicator influenced on the growth of net profit was revenue from the services and it increased by

136408870 thousand soums in the reporting year compared to the base year and amounted 408929844 thousand soums.

Table 2.2.3.

Comparative evaluation of the influence of factors on net profit of  
“Uzbektelecom” JSC for the reporting year compared to the base year<sup>8</sup>

Indicators	Base year, thousand soums	Financial year, thousand soums	Diversion, thousand soums
			(+;-)
1. Revenue from services rendered	272520974	408929844	+136408870
2. Cost of services rendered	-154439243	-222643207	+68203964
3. Gross profit from services rendered	118081731	186286637	+68204906
4. Period expenses	-98816428	-127538042	+28721614
5. Other income (+), expenses (-) from operating activities	21350436	16817443	-4532993
6. Profit (-), loss(-) from financial activities	-31419429	-60418067	+28998638
7. Extraordinary profit(+) or loss(-)	-	-	-
8. Tax on income	-3433129	-4324017	+890888
9. Other taxes and fees on income	-426298	-864307	+438009
10. Net profit	5336883	9959647	+4622764

There was an increase on all indicators of the company except other income from operating activities. However the main expenses of the company was cost of services rendered, it was about half of the revenue from services rendered and amounted 222643207 thousand soums in the financial year, increased by 68203964 thousand soums compared to the base year.

Both period expenses and loss from financial activities amounted 12753802 thousand soums and 60418067 thousand soums that increased by 28721614 thousand soums and 28998638 thousand soums respectively, they had small impact on increase of profit. Nevertheless other incomes from operating activities decreased to 4532993 thousand soums, it did not effect to the growth of profit. As a result net profit increased by 4622764 thousand soums compared to the base year.

<sup>8</sup> performed by author according to "Statement of Financial Performance" of “Uzbektelecom” JSC – 2012

### 2.3. The analysis of profitability indicators of “Uzbektelecom” JSC

In order to determine the profitability of the analyzed company following indicators have been calculated:

- profitability of service costs;
- profitability of services rendered;
- profitability of fixed assets;
- profitability of current assets;
- profitability of equity;
- profitability of liability;
- profitability of total assets;
- payback of equity.

For carrying out the above analysis, data from the balance sheet of “Uzbektelecom” JSC for the reporting period have been used.

According to the report document, in the base year the amount of total assets of the company amounted 765 745 400 thousand soums, of which the average annual value of fixed assets was 287 905 505 thousand soums and current assets were 121 646 436 thousand soums. In the reporting year they amounted 888 555 408 thousand soums, 280 638 744 thousand soums and 175 040 766 thousand soums thousand soums respectively.

The amount of equity on “Uzbektelecom” in the base year was 266 667 748 thousand soums and liabilities were 499 077 652 thousand soums, and in the reporting year they amounted 333 580 198 thousand soums and 554 975 210 thousand soums respectively<sup>9</sup>.

On the basis of the listed data calculation of levels of profitability on “Uzbektelecom” has been made.

Profitability of service costs:

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<sup>9</sup> “Balance Sheet” of “Uzbektelecom” JSC – 2012

$$2011\text{year} = \frac{118081731}{154439243} * 100\% = 76,46\%$$

$$2012\text{year} = \frac{186286637}{222643207} * 100\% = 83,67\%$$

Profitability of services rendered:

$$2011\text{year} = \frac{118081731}{272520974} * 100\% = 43,33\%$$

$$2012\text{year} = \frac{186286637}{408929844} * 100\% = 45,55\%$$

Profitability of fixed assets:

$$2011\text{year} = \frac{5336883}{287905505} * 100\% = 1,85\%$$

$$2012\text{year} = \frac{9959647}{280638744} * 100\% = 3,55\%$$

Profitability of current assets:

$$2011\text{year} = \frac{5336883}{121646436} * 100\% = 4,39\%$$

$$2012\text{year} = \frac{9959647}{175040766} * 100\% = 5,69\%$$

Profitability of total assets:

$$2011\text{year} = \frac{5336883}{765745400} * 100\% = 0,70\%$$

$$2012\text{year} = \frac{9959647}{888555408} * 100\% = 1,12\%$$

Profitability of equity:

$$2011\text{year} = \frac{5336883}{266667748} * 100\% = 2,00\%$$

$$2012\text{year} = \frac{9959647}{333580198} * 100\% = 2,99\%$$

Profitability of liability:

$$2011\text{year} = \frac{5336883}{499077652} * 100\% = 1,07\%$$

$$2012\text{year} = \frac{9959647}{554975210} * 100\% = 1,79\%$$

General profitability:

$$2011\text{year} = \frac{5336883}{287905505 + 121646436} * 100\% = 1,30\%$$

$$2012\text{year} = \frac{9959647}{280638744 + 175040766} * 100\% = 2,18\%$$

Calculated profitability indicators for profitability analysis are presented in table 2.3.1.

Table 2.3.1

Comparative assessment of financial results of “Uzbektelecom” JSC<sup>10</sup>

Indicators	Base year	Financial year	Diversion	
			Sum (+;-)	%
1. Revenue from services rendered, thousand soums	272520974	408929844	+136408870	150,05
2. Cost of services rendered, thousand soums	154439243	222643207	+68203964	144,16
3. Gross profit from services rendered, thousand soums	118081731	186286637	+68204906	157,76
4. Net profit, thousand soums	5 336 883	9 959 647	+4 622 764	186,62
5. Annual average value of fixed assets, thousand soums	287 905 505	280 638 744	-7 266 761	97,48
6. Average annual value of current assets, thousand soums	121 646 436	175 040 766	+53 394 330	143,89
7. Total assets, thousand soums	765 745 400	888 555 408	+122 810 008	116,04
8. Equity, thousand soums	266 667 748	333 580 198	+66 912 450	125,09
9. Liabilities, thousand soums	499 077 652	554 975 210	+55 897 558	111,20
10. Profitability of service costs,% (4:2)	73,46	83,67	+10,21	113,90
11. Profitability of sales from services rendered, (3:1)*100%	43,33	45,55	+2,22	105,13
12. Profitability of fixed assets, (4:5)*100%	1,85	3,55	+1,70	191,45
13. Profitability of current assets, (4:6)*100%	4,39	5,69	+1,30	129,69
14. Profitability of equity, (4:8)*100%	2,00	2,99	+0,99	149,19
15. Profitability of liability, (4:9)*100%	1,07	1,79	+0,72	167,82
16. Profitability of total assets, (4:7)*100%	0,70	1,12	+0,42	160,82
17. General profitability, 4/(5+6)*100%	1,30	2,18	+0,88	167,72

<sup>10</sup> performed by author according to “Balance Sheet” and “Statement of Financial Performance” of “Uzbektelecom” JSC – 2012

This rising is observed on net profit also and it amounted 9959647 thousand soums, 86,62% more than in the previous year. According to this increase all indicators of profitability on the analyzed company tended to increase.

Thus, in the reporting year 1 soum of costs of services rendered was obtained 83,67% of gross profit compared to 73,46% in the base year and profitability of sales from services rendered increased by 2,2% (from 43,33% to 45,55%). Share of profit on 1 soum of fixed assets in the base year was only 1,85%, on 1 soum of current assets was 4,39%. The following year, these figures raised to 3,55% and 5,69%. It is a positive growth of profitability. Both profitability of equity and liability increased in the reporting year compared to the base year, from 2,00% to 2,99% and 1,07% to 1,79% respectively. It means that in the reporting year the company worked very well.

### **III. THE ESTIMATION OF FINANCIAL RESULTS OF “UZBEKTELECOM” JSC AND WAYS TO IMPROVE THEM**

#### **3.1. Overall assessment of financial results of “UZBEKTELECOM” JSC**

Financial results are the result of the work of the enterprise, which is expressed in the amount of income and the level of profitability. Carrying out timely analysis of financial results of the enterprise services enables the company to have its activities to the identified deficiencies and hidden features.

Based on the analysis of financial results of “Uzbektelecom” JSC for 2011-2012 years it is possible to make conclusion that the company has a positive financial results.

Thus, the gross profit of the company, which is one of the most important factors influencing on the financial results in the reporting year increased by 68204906 thousand soums compared with the previous year by increasing the revenue from services rendered to 136408870 thousand soums. As a result of increased period expenses and other expenses from operating activities for 33254607 thousand soums, income from operating activities left 75566038 thousand soums. At the company there are large costs of financial activities, although in 2012 they were increased compared with the previous year, at the analyzed company in the reporting year, a profit before tax was 15147971 thousand soums. As well as, there was an increase in the company amounts of income taxes on 890888 thousand soums, as a result net profit for the reporting period amounted to 9959647 thousand soums.

The analysis assessed the income and expenditure structure of “Uzbektelecom”. In general, the company has been increasing both revenues and expenses. In structure of incomes and expenses of the company, there were changes. Thus, the shares of net revenue from services rendered, incomes from

interest on loans and profit from currency exchange have growth rates in the total income, and on other types of income is the reduction of unit weights.

As mentioned above the main influence on the raise of profit was the increase in net revenue of services rendered. Share of this indicator in the total revenue was 93,08% in the reporting year.

Cost of services rendered amounted 222643207 thousand soums in the fiscal year and share of this in total expenses was 51.85%. Expenses of financial activity, as an expense from foreign exchange currency differences in the reporting period, is occupied 14.35% of the total costs. The share of other operating expenses in the total expenditures of the enterprise in the reporting year rose to 25.28%. Despite the fact that the total expenditure has increased, the company received more profit in the reporting year compared with the previous. This has happened as a result of exceeding the rate of increase in incomes over the pace of cost rising—45.37% versus 44.62%.

To determine the influence of the main factors on the cost increase was comparative evaluation of their impact. The main influence on the increase in net profit had two main indicators:

- increase in revenue from services rendered to 136408870 thousand soums.;
- increase in cost of services rendered 68203964 thousand soums.

In general, “Uzbektelecom” has normal profitability indicators, which indicates good financial position.

But here I would like to note that, according to the reconstruction of the network connection at all enterprises were introduced modern technologies, which increased the cost of property companies, which in turn affected the profitability and return on investment.

### 3.2. Ways to improve the financial performance

On the scale of the state in general improving the efficiency of the manufacturer means the possibility of a healthy budget and extra-budgetary funds for replenishment of successful solutions to social problems. It is obvious that for remaining in a market and consumers, effectively working organization has all the prerequisites to reduce prices and tariffs by saving production costs, and thus users can purchase more goods and services and satisfy better from the solvent requirement.

Increase the results of production, higher volumes of produced material goods can be achieved in two ways:

- construction of new enterprises, creating new jobs, commercializing the additional labor, material and financial resources. This development is extensive, it is associated with the involvement of large amounts of financial resources and may be considered economically feasible only in those sectors where the demand for goods and services are not fully satisfied, and sectoral and regional characteristics do not allow manufacturers to increase their existing registration production facilities.

- rational use of established economic potential, increasing returns per unit of money invested in labor and material resources, rearming and improving production on a new technical-technological and organizational basis. This is an intensive way of development which allows without increasing the resource potential that is at constant production costs to get an extra output and services.

Naturally, in a market economy an intensive way of development in all sectors and spheres of activity is a priority and most suitable for the needs of all market: consumers, producers and society in general.

The culture of the company should reflect what the company is aiming to achieve and which should be part of their Mission Statement. Bottom line, all

companies are in business to make money however their approach may differ and is more likely to be dictated by the market that they target. Depending on the targeted market segment, the company should have operational objectives and goals that they should be working on tirelessly to achieve. Since these goals are linked to the mission statement, the completion of goals will move the company closer to their objectives.

Most importantly the objectives need to be driven by the executives. The executives need to be very passionate themselves about the objectives. And they will have to make their team believe in it, team being the company. In this process importance of communication and trust becomes the pillars of relationship. If everyone is working towards a common goal, operation is sorted which basically means that the product is achieving the mission statement of the company. Then the next step will be to convince the targeted market sector that the company's product is the best value for their money. To be on top of the game, this process needs to be cyclical. The importance of continuous improvement and research and development should not be underestimated.

Actual conditions to improve production efficiency through its intensification in the telecommunications industry is the accumulated scientific and technical potential, opened the possibility of using the latest achievements in technology accumulated worldwide. However, in the telecommunications sector, there is considerable potential for raising production efficiency associated with deficiencies in the creation and development of production capacity, timing and duration of the reduction in the cost of construction of reduction, elimination of overhead and loss of working time, equipment downtime, etc.

In order to improve production efficiency and increase its profitability communication organizations should do following activities:

- organizing their activities to ensure that the growth of services due to the expansion and modernization of communication networks;

- improving their consumer properties;
- introduction of innovative services and advanced forms of customer service;
- use of flexible tariff policy , especially in the unregulated sector of industry market.

Important role belongs to activities to increase productivity, improve asset utilization and production capacity, economical use of all types of costs associated with the operation of communications and service consumers.

## **IV. SAFETY OF VITAL ACTIVITY**

### **4.1. Rational organization of work place**

The complexity of production processes and equipment changed the functions of the person in modern industry: increased responsibility of tasks; increased volume of information perceived by the working and the performance of the equipment. A person's work has become more difficult, increased load on the nervous system and increased physical load. In some cases, the man has become the least reliable link of the system «man-machine». There is a task of providing reliability and safety of persons at work. Solves this task ergonomics and engineering psychology.

Ergonomics (from the Greek ergon work and nomos - law) is the scientific discipline that studies the human in terms of its activities related to the use of machines. The goal of ergonomics - optimization of conditions of work in the system "man-machine". Ergonomics defines the requirements of the person to technology and to the conditions of its functioning. The ergonomics of the equipment is the most generalized index of properties and other characteristics of equipment.

The connection of the man with the environment and the parameters of the workplace. Working place, this is the area in which the committed work of the performer or group of performers. Jobs may be individual and collective, universal, specialized and special.

General requirements, which must be observed when designing jobs, the following:

- adequate working space for the person;
- optimum position of the body of the worker;

- sufficient physical, visual and auditory communication between man and machine;
- optimal allocation of working space in the room;
- the permissible level of action of factors of production conditions;
- the optimal placement of the information and the motor field;
- availability of means of protection from hazards.

Design should provide the zone of optimum and easy reach of the motor field of the workplace and the optimal area of the information field of the workplace. Angle of view in relation to the horizontal should be 30-40 degrees. The choice of working arrangements should take into account the efforts expended by the man, the magnitude of the movements, the need for movement, the pace of operations. The choice of working postures should take into account the physiology of man and parameters of working places determined by the choice of the position of the body at work (standing, sitting, a variable). Jobs for work "sitting" are organized in an easy job and middle severity, and the severe - working posture - "standing".

In the design of equipment and organization of a job it is necessary to foresee the possibility of regulating the individual elements, in order to ensure the optimum position of the operator.

The design of the equipment must ensure that it meets the anthropometric and bio mechanical characteristics of the individual on the basis of accounting change dynamics of the amount of heat when you move, the range of motion in joints.

For the account in the design of equipment anthropometric data should:

- determine the contingent of people for whom is designed equipment;
- select a group of anthropometric characteristics;

- install the percentage of working, which must meet the equipment;
- determine the boundaries of the interval size (efforts), which should be implemented in the hardware.

When designing the use anthropometric dimensions of the body, and take into account the differences in the sizes of the body of men and women, nationality, age, professional. To determine the boundaries of the intervals, which take account of the percentage of the population, the system is used pertseteley. Design of the equipment should provide the ability to use at least for 90% of consumers.

To work in a position "sitting" are used by various operating seats. Distinguish workers seat for long and short term use. General requirements for the seat of long use of the following: the seat should ensure position, minimizing the statistical work of muscles; create conditions the possibility of changes in working postures; not to obstruct the activities of the systems of the body; to ensure the free movement relative to the working surface, have adjustable parameters; have the floor upholstery. For short-term use is recommended hard chairs and a different type of stools.

In the conditions of growing mechanization and automation of production processes is of special significance means of display of the information about the object of management. Widespread use of the received information model, that is organized according to certain rules information about the status of the object of control.

The information models of the following requirements:

- the content of the information model should adequately display the object of management;
- information model should provide the best information balance;
- the shape and composition of the information of the model must be consistent with the labor process and possibilities of man for the reception of the information.

Practice makes it possible to outline the sequence of the development of an information model: definition of the objectives of the system, the sequence of their decisions and sources of information; drawing up a list of control objects and their characteristics; the distribution of objects on the degree of importance; the distribution of functions between automation and man; the choice of coding of objects and drawing up of the overall composition models; determination of Executive actions of man.

In the process of constructing information model are determined by the location of the media in the workplace, are selected dimensions of marks and the layout of. Displaying means are placed in the field of view of an observer with the account of optimum corners and observation areas. Dimensions signs monitoring are determined taking into account maximum accuracy and speed of perception of the information, as well as the brightness of the character, magnitude contrast, the use of color. Optimum brightness are considered to be the value at which the maximum contrast sensitivity. The value of it will be greater, the smaller the size of the object of discrimination. Optimal area size contrast is 60-90%. In the work of the eyes is a place of a certain inertia, which requires taking into account the time of exposure of the optic signal and the time intervals for the sense of separate signals the following one after the other. In most cases, the exposure time of the signal should be no less than 50 MS. Each variety of indicators has its area of use: indicators backlit used for the display of high-quality information that requires an immediate response of the operator; gauges are used for the reading of the measured parameters; integral indicators for combining information immediately on several parameters.

The structure and dynamics of the controlled object are usually with the help of a chip. In some cases the scoreboard used to display information and perception of the team of operators.

In the design of the workplace should take into account the rules of the economy's movements: when using two hands of their motion should be simultaneous and balanced; movement should be smooth and rounded, rhythmic and customary for working. The design of the equipment shall take into account the rules relating to the speed and accuracy of workers' struggles. For example, the most rapid movement to itself; in the horizontal plane of the hand speed more than in the vertical; the accuracy of movements better in a sitting position, than standing, etc. Controls, used in the workplace must comply with the General requirements of ergonomics: and direction of the management bodies must comply with the movement associated with him indicator; the compliance of the location of the management bodies of the sequence of work of the operator; ease of use; the creation of the bodies of the Board of mechanical resistance and etc. In addition, for each type of bodies of pressure corresponds to a specific area of use and the special requirements of the size, form, effort, etc.

The automated workplace of the operator-Communicator (the operator in the control room) in the General case are used:

- means of mapping the information of individual use (imaging units, signaling devices, and so on);
- means of control and input of information (remote the display, keyboard control, separate controls, and so on);
- devices of communication and transmission of information (modems, telegraphic and telephone sets):
- the device documentation and storage of information (printing devices, magnetic recording and so on);
- auxiliary equipment (means of office equipment, the storage media, the device of local lighting).

At the automated working place should be provided with information and constructive compatibility used by technical means, of anthropometric and physiological characteristics of the person.

At optimization of the procedures of interaction between operators of telecommunications workers with technical means in the conditions of automation ergonomic factors act as the main determining the probability-time characteristics and the intensity of the work. These factors are sensitive to variations of individual properties of the operator.

Working the furniture should be comfortable for the execution of planned operations. The design of the working furniture: table, chairs is of great importance for the creation of healthy environments and highly productive work. Working the furniture is designed with consideration of anthropometric data of a human, technical, aesthetic and economic factors.

In the complete set of the working furniture of great importance is the design of the production of a chair, as it depends on the attitude of the employee and, therefore, energy consumption and the degree of its strain. Operating the seat must have the required dimensions, the relevant anthropometric data of the person and be flexible. The most comfortable chairs and seats with adjustable back tilt and height of seat. Changing the height of the seat from the floor and back angle, you can find the most appropriate labour process and the individual characteristics of the employee.

As a rule, all the surface of the written and desktops should be at the level of the elbow in the position of a person. When choosing the height of the table should be considered a man sits during work or stands.

The inconvenient of the table height reduces the efficiency of work and causes rapid fatigue. The lack of sufficient space for the knees and feet cause constant irritation of the employee. Minimum operating table height should be not less than 725 mm. As practice shows, for the working medium height the height of

the desktop is accepted 800 mm. For the employee of another growth you can change the height of the working chair, or the position of the boards so that the distance from the object processing before the eyes of the working height is equal to approximately 450 mm.

Accommodation of the technical means and the chair of the operator in the working zone should provide easy access to the main functional nodes and units of equipment for conducting technical diagnostics, preventive inspection and repair; the ability to quickly occupy and to leave the work area; the exception of accidental actuation means of control and input of information; comfortable working posture and position of rest. In addition, the scheme of accommodation should meet the requirements of integrity, compactness and technical and aesthetic expressiveness of the working postures.

The display must be placed on a table or stand so that the distance of observation on the screen does not exceed 700 mm (optimal distance of 450 - 500 mm). Display screen height must be located so that the angle between the centre of the screen and horizontal line of sight was 20°. Horizontal viewing angle of the screen should not exceed 60°. The remote display to be placed on a desktop or stand so that the height of the keypad in relation to sex was 650 - 720 mm. When placing the remote control on a standard desktop height of 750 mm it is necessary to use the seat with height adjustable seat (450 - 380 mm) and the footrests. Document (form) for entry operator data it is recommended to have at a distance of 450 - 500 mm from the eyes of the operator, predominantly on the left, with the angle between display screen and the document in the horizontal plane shall be 30 - 40 degrees. The tilt angle of the keyboard should be equal to 15 degrees.

Display screen, documents and keypad display should be located so that the difference of brightness surfaces, depending on their location relative to the source of light, not more than 1:10 (the recommended value 1:3). At nominal values of

brightness of the image on the screen 50 - 100 CD/m<sup>2</sup> illumination of the document should be 300 - 500 Lux.

Working place should be equipped in such a way that the movement of an employee would be the most efficient, least tedious.

The device documentation and other, rarely used by technical means, it is recommended to concentrate on the right from the operator in the zone of maximum reach and means of communication to the left, to free the right hand for the entries.

## **4.2. Emergencies**

In theory SAFETY EMERGENCIAS - is a set of events, the result of the onset of which is characterized by one or more of the following signs

- a) danger to life and health of a significant number of people;
- b) the material violation of the ecological balance in the area of the emergency;
- c) the failure of the life support systems and control, full or partial cessation of economic activities;
- d) significant material and economic damage;
- e) the need to involve large as the usually external to the area of emergency forces and means for the salvation of men and the elimination of consequences;
- e) psychological discomfort for large groups of people.

It is characteristic that emergency arises outwardly suddenly, suddenly. Specification of definition of the emergency is achieved by introduction of quantitative measures of the dangers.

The classification of emergencies.

For reasons of emergencies are of natural, man-made, man-made, environmental, and social.

To the natural (natural) emergency situations are dangerous natural phenomena or processes that have extraordinary in nature and lead to a breach of everyday life more or less significant groups of the population, loss of life destruction of material values. These include earthquakes, floods, tsunamis, volcanic eruptions, mudflows, landslides, avalanches, hurricanes and Smer-Chi, massive forest and peat fires, snow and avalanches. The number of natural disasters are also droughts, long-term heavy rains, strong stable frosts, epidemics, epizootics, epidemics, mass distribution of pests of agriculture and forestry. Natural disasters can happen: as a result of rapid movement of the substance (earthquakes, landslides); in the release of within the earth's energy (volcanic activity earthquakes) at increasing the overall level of rivers lakes and seas (floods tsunamis) under the influence of an unusually strong wind (hurricanes cyclones). Some natural disasters (fires avalanches landslides, etc.) may arise as a result of the actions of the people themselves but their consequences are always the result of the action of the forces of nature. For each natural disaster characterized by the presence of intrinsic in the affecting factors, adversely affecting human health.

Natural disasters are a tragedy of the entire state and especially for those areas where they occur. As a result of natural disasters are affecting the economy of the country since the collapse of production of the enterprise the destruction of material values and most importantly there are losses among the people killed their housing and property. In addition, natural disasters pose extremely adverse conditions of life for the population, which may be the cause of outbreaks of infectious diseases. The number of people affected by natural disasters can be considerable and the nature of the lesions is very diverse. Most people suffer from floods (40% of the total damage), hurricanes (20%), earthquakes and droughts (15%). About 10% of the total damage is on the other types of disasters.

A number of Soviet and foreign experts, citing data on the losses in major disasters assume that in the future in connection with the growth and concentration

of population similar in the force of the disaster will be accompanied by an increase in the number of casualties in the tens of times.

Man-made emergency situations is considered a sudden failure of machines, mechanisms and units during their operation accompanied by serious violations of the production process the explosions the formation of fire radioactive chemical or biological infections of large territories a group of damaged destruction of people. To technogenic emergencies are accidents at industrial facilities construction as well as on rail air road pipeline and water transport as a result of which the fire the destruction of civil and industrial buildings there was a danger of radioactive contamination chemical and bacterial contamination there was the spreading of the oil products and aggressive poisonous liquid on the surface of earth and water and there are other consequences endangering human health and the environment.

The nature of the consequences of technogenic catastrophes depends on the type of accident, its scale and characteristics of the enterprise, where the crash occurred (on the means of transport and the circumstances in which the accident occurred).

Anthropogenic emergency situations are the consequence of the erroneous actions of the personnel. This class of emergency can occur at the same objects that and man-made emergency situations. The difference consists only in the fact that man-made emergency situations is not connected with the human factor directly.

The emergency ecological character may include: intensive degradation of the soil and its pollution by heavy metals (cadmium, lead, mercury, chromium, etc.) and other harmful substances, polluting the atmosphere of harmful chemical substances noise electromagnetic fields acid rain the destruction of the ozone layer, etc.

To the social emergency relate the events taking place in the society (robbery violence) ethnic conflicts accompanied by the use of force contradictions between the States with the use of weapons.

## CONCLUSION

One of the areas of economic reforms in the Republic is to improve the management system. In addressing this problem economic analysis of operations and financial condition of the company plays an important role. Analysis of the company is one of the main conditions of increasing management efficiency. The purpose of this final qualifying work is to study the analysis of the financial results of the company.

In the first chapter the theoretical aspects of the analysis of financial results are studied. The techniques of analyzing the structure of financial results, methods and substance of financial analysis are separately studied. Revenues and expenses, their dynamics, factors affecting the profit, profitability of the enterprise are considered. The economic characteristics and features of communication enterprises are separately studied.

In the second chapter, the basis of data of “Uzbektelecom” JSC’s financial results were analyzed. The estimation of the structure of financial results, revenues and expenses of the enterprise were given. Analysis of the structure of financial results and their dynamics is carried out. Structure of revenues and expenses, comparative evaluation of the influence of factors on net profit of the company are studied. The analysis revealed the degree of influence of the main factors to obtain the final result. The following indicators of profitability have been calculated:

- profitability of service costs;
- profitability of services rendered;
- profitability of fixed assets;
- profitability of current assets;
- profitability of equity;
- profitability of liability;

- profitability of total assets;

According to these indicators general profitability of the company are studied and assessments are given.

The summative evaluation about financial results of “Uzbektelecom” on the basis of the results obtained in the third chapter, and following recommendations for improvement are given.

In order to improve production efficiency and increase its profitability communication organizations should do following activities:

- organizing their activities to ensure that the growth of services due to the expansion and modernization of communication networks;
- improving their consumer properties;
- introduction of innovative services and advanced forms of customer service;
- use of flexible tariff policy , especially in the unregulated sector of industry market.

Important role belongs to activities to increase productivity, improve asset utilization and production capacity, economical use of all types of costs associated with the operation of communications and service consumers.

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