THE MINISTRY FOR DEVELOPMENT OF INFORMATION TECHNOLOGIES AND COMMUNICATIONS OF THE REPUBLIC OF UZBEKISTAN

TASHKENT UNIVERSITY OF INFORMATION TECHNOLOGIES

Protection to admit

Managing chair

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«____» _____ 2016 y

Final work

On a theme:

“THE INFLUENCE OF LIABILITIES ON LIQUIDITY LEVEL OF TELECOMMUNICATION ORGANIZATIONS”

Graduate: _____ Norkulov SH.T.
signature

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TASHKENT-2016

THE MINISTRY FOR DEVELOPMENT OF INFORMATION TECHNOLOGIES AND COMMUNICATIONS OF THE REPUBLIC OF UZBEKISTAN TASHKENT UNIVERSITY OF INFORMATION TECHNOLOGIES

Faculty of "Economics and Management in ICT sphere"
"Economics in ICT sphere" department
Direction: 5230100 - Economics (on communication and information)

I CONFIRM
MANAGING CHAIR_____
«____»_____ 2016 year

Student : Norkulov Shakhboz Tolib ugli

"The influence of liabilities on liquidity level of telecommunication organizations"
The theme for final qualifying work

TASK

1. **The theme is confirmed by order on university** from December 14th, 2015 Number 1322-19.
2. **Term of delivery of finished work:** 28.05.2016y.
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 securities activity of enterprises, the analysis of financial results of "Uzbektelecom" JSC, the analysis of accounting statement of "Uzbektelecom" JSC**.**
5. The table of graph materials: Electron version of economic and financial indicators of communication enterprises, such as financial statements, accoounting statements and financial indicators
6. The date of delivery of the task on 15th January 2016y.

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. Theoretical basis of liquidity level and accounts receivable on organizations	Rahimboyev S.K	15.01.2016	15.01.2016
2. Analyzing of identifying liquidity level as the "UZBEKTELECOM" JSC	Rahimboyev S.K	01.02.2016	01.02.2016
3. The methods of decreasing accounts receivable and increasing liquidity level of telecommunication organizations	Rahimboyev S.K	07.03.2016	07.03.2016
4. Safety of vital activity and ecology	Abdullayeva S.M	20.05.2016	20.05.2016

8. The schedule of performance of work

№	The names of diploma work's parts	Period of finishing	Head (sign)
1.	Theoretical basis of liquidity level and accounts receivable on organizations	14.04.2016	
2.	Analyzing of identifying liquidity level as the "UZBEKTELECOM" JSC	18.05.2016	
3.	The methods of decreasing accounts receivable and increasing liquidity level of telecommunication organizations	20.05.2016	
4.	Safety of vital activity and ecology	25.05.2016	

Graduate: _____ 2016 year ____ June

Supervisor: _____ 2016 year ____ June

THE INFLUENCE OF LIABILITY DEBTS ON LIQUIDITY LEVEL OF TELECOMMUNICATION ORGANISATIONS

CONTENT:

INTRODUCTION

As is obvious, the introduction of modern information and communication technologies - a prerequisite to any development of the state. The main goal of final wok is identifying the influence of accounts receivable on the liquidity of company. And so there are used many financial and economical terms and tables such as financial report accounting statements and etc.

Actually in this diploma work I have given the results of accounting finance of “Uzbektelecom” JSC. According to these informations the types of liquidity were identified. There is given all informations which need to identify the liquidity. And for these there is given such types of statements and reports.

The road of market economy and democratic reforms in Uzbekistan is not an exception. As a result of the reforms implemented in the country, achievements in the field of information and communication technologies, today we are witnessing the results. 2014 - not only in the ICT sector, but also to remember the life of every person working in the same direction, memorable events, of course.

There are four chapters in this final work. And they are: first is about theoretical basis of liquidity and accounts receivable, the second is about analysis of “Uzbektelecom” JSC, third is about increasing accounts receivable and condition of liquidity, and the last chapter is about safety of victims and ecology. According to this chapters the author has opened the main basis of accounts receivable and the financial condition of the company.

Information and communication technologies to develop strategies for the years 2013-2020 the national information and communication system is carried out on the basis of a comprehensive development program. This program is approved by the decision of June 27, 2013.

In 2013 the Cabinet of Ministers of the Republic of Uzbekistan and the country's socio-economic development of the most important priorities of economic program for 2014 session of communication, information and telecommunication technologies of the complex development of the national information and communication system the program of projects and measures to

fulfill their task. Telecommunication technologies are the basis of the development of ICT infrastructure. As a result of the measures in this direction there are a number of results.

«Uzbektelecom» JSC has great potential and infrastructure resources for further dynamic development. In recent years the company has seriously strengthened and expanded technological capacity of its network by upgrading most of telephone exchanges and backbones.

Network infrastructure of the company allows to connect millions of consumers worldwide. The company has direct international access to networks of communication operators and cooperates with international operators and companies in providing traffic transit services to foreign operators, rents out international digital communication channels almost of any capacity. «Uzbektelecom» JSC is a member of the Regional Commonwealth in the Field of Communications (RCC), and a number of other international organizations. «Uzbektelecom» Joint Stock Company was created in the form of a joint stock company in accordance with the Decree of the President of the Republic of Uzbekistan dated June 28, 2000 UP – 2647 «On measures to improve management for telecommunication sphere» and the Decree of the Cabinet of Ministers of the Republic of Uzbekistan dated June 30, 2000 № 253 «On the organization of activities of «Uzbektelecom» Joint Stock Company». The charter capital of «Uzbektelecom» JSC, divided for 32,694,633 shares is formed in the amount of 37,729,606,482 sums and according to relevant regulations of the Government of the Republic of Uzbekistan available shares are distributed as follows:

• 45% – state-owned assets;

• 49% – shares intended for sale to foreign investors (currently owned by the state);

• 6% – shares of legal and physical persons – residents of the Republic of Uzbekistan.

Shares with nominal value 1154 sum in the amount of 37,729,606,482 sums have been issued cashless, 31,579,649 shares have been issued simple and 1,114,984 preferential nominal shares are in free circulation.

During the years 2014-2015, the program of the development of broadband access networks Wi-Fi technology was also carried out. The purpose of this program was to make wireless broadband connection in all areas, including airports, railway stations, tourist places, parks, shopping malls and other public places.

Revenues from telecommunication services rendered by «Uzbektelecom» JSC in 2014 comprised 883.3 billion sums, increasing by 19% comparing with the previous year. Most of revenues form proceeds from international communication – 48%, income from local and long-distance telephone communication – 30% and income from other communication services – 22%. Income from local telephone services in 2014 comprised 77.6 billion sums (growth rate +7% comparing with 2013). Income from long-distance telephone communication in 2014 comprised 182.1 billion sums (growth rate +16% comparing with 2013). Growth of income was due to increase of long-distance traffic.

The greatest potential to sustain growth of income the company has in provision and development of promising services based on data transmission and mobile communication services. The growth rate of revenues from Internet and mobile communications in 2014 comprised 82% and 47% correspondingly.

"State program on the technical and technological transition to digital television" of President of the Republic, the television industry continues to work on the introduction of modern telecommunication technologies. According to the program, there are two stages are being carried out to provide the country's television with a digital format: the first of which covers the period 2013-2015, the second one covers in the years 2016-2017. 84 high voltage transmitters were

installed during the first phase of the program. As a result, 90 percent of the country's largest residential digital TV coverage is possible now[1].

The main focus of this project is to develop "electronic government" system. At the moment, given the success of the individual elements of the system is working effectively, including:

• national database of legislation of the Republic of Uzbekistan (32.6 thousand, including legal documents).

• tax Portal (tax returns in electronic form to enable the receipt and processing, using 99 percent of the entrepreneurs in the current system).

• licensees Portal (the aim of which is to provide complete information about documents are required to obtain licenses and permits, licensed activities and licensing procedures).

• declaration portal (through the system since the beginning of the year, 99 percent of all the cargo customs declarations electronically registered).

• "Esta" automated statistical reporting system to back up the order, the names of the company as a result of the introduction of electronic share of 97%.

• communal and housing portal application and processing of complaints and to pay for public services, as well as provides a wide range of services, such as information about tariffs.

• E-Visa information system in the form of a visa to Uzbekistan for foreigners accounted for 90 percent.

• courts and claim for more than 35 petitions submitted electronically through the e-court system.

In order to further the development of "E-government" system the development and implementation of projects of information and communication technologies are approved by the state order. In 2014, through a single portal businesses, serving 45.6 thousand. More than 7 400 businesses registered

[1] Source: the keynote speech of Islam Karimov , the president of the Republic of Uzbekistan January 18th, 2015

electronically through the portal has written to the meeting with the heads of state agencies over the Internet.

Single portal in January 2014 established a new interactive service directly to the public and business people in order to provide with great opportunity in Uzbekistan. Currently, there are 2.2 million portal users of this service.

In 2015, updated portal now has library portal manuals, thesis papers, research papers and other materials, including more than 75 thousand gathered information and educational resources. Section organized to teach foreign languages interactively is source for learning materials in English and more than 4 thousand 400 contains.

Today, information technology is developing rapidly, and the increasing demand of professionals in this field. The level of international standards for various sectors of the economy in order to improve the training of highly qualified personnel in the ICT system of the Tashkent University of Information Technologies, a number of new areas, including computer engineering, software engineering, telecommunications, technology, television technology, the direction of the economy and the management of ICT areas such as education.

Consequently the country is achieving its main high level goals with the powerful steps. The role of created conditions for workers in the country is in high importance. Of course, the employees of Uzbektelecom JSC are no exception. Telecommunication, obviously Uzbektelecom JSC is one of the private developing sectors and of all which are measured with employees as well as size and the potential level of use of the opportunities created for them by the government.

1. THEORETICAL BASIS OF LIQUIDITY LEVEL AND ACCOUNTS RECEIVABLE ON ORGANIZATIONS

1.1The essence and theoretical basis of accounts receivable in telecommunication organizations

What is “accounts receivable”? *Accounts receivable* is the money that a company has a right to receive because it had provided customers with goods and (or) services. For example, a manufacturer will have an account receivable when it delivers a truckload of goods to a customer on June 1 and the customer is allowed to pay in 30 days. From June 1 until the company receives the money, the company will have an account receivable (and the customer will have an account payable).

Accounts receivables are also known as trade receivables. Companies who sell on credit are unlikely to have liens on their customers' property. Hence, there is a risk that the full amount of their accounts receivable might not be collected. This means that companies need to cautious when granting credit and establishing an account receivable. If there is uncertainty of a potential (or existing) customer's credit worthiness, it is wise for the company to require the customer to pay with a credit card before delivering goods or services.[2]

It is also important for a company to monitor its accounts receivable and to immediately follow up with any customer who has not paid as agreed. An aging of accounts receivable is a tool that will help and it is readily available with most accounting software. A general rule is that the older a receivable gets, the less likely it will be collected in full. Accounts receivable are reported as a current asset on a company's balance sheet. Good accounting requires that an estimate be made for the amount that is unlikely to be collected. That estimate is reported as a credit balance in a related receivable account such as Allowance for Doubtful Accounts. Any adjustments to the Allowance balance will also be recorded in the income statement account Uncollectible Accounts Expense.

[2] Source : https://debitoor.com/node

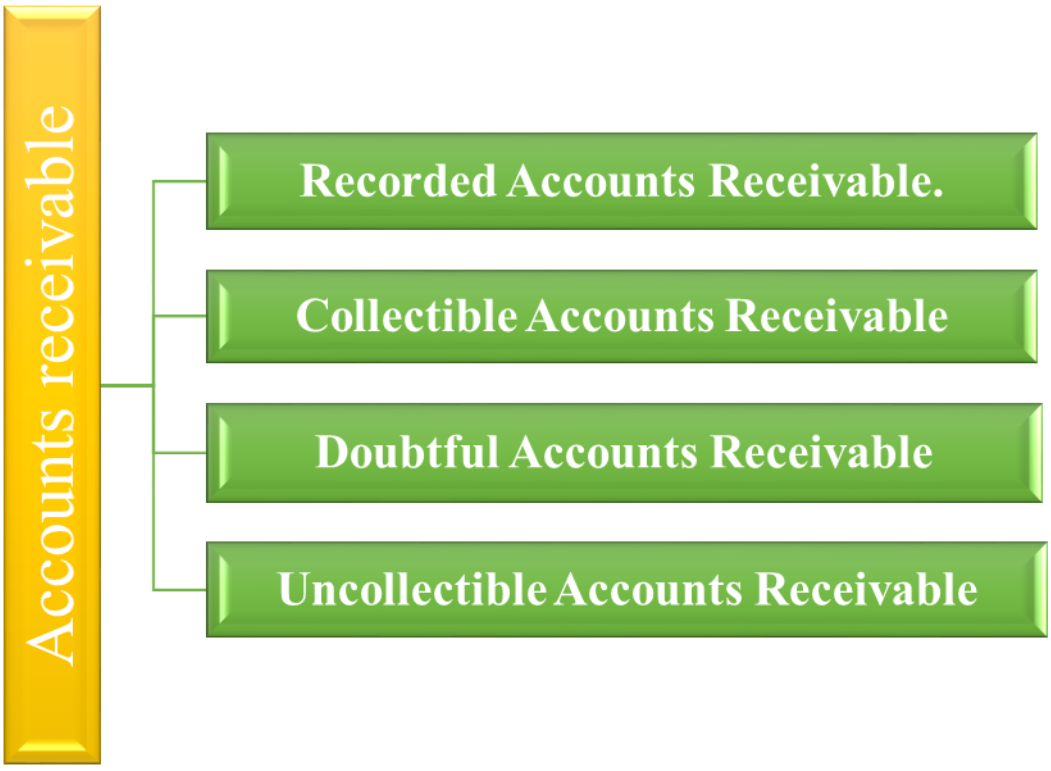
Actually the basic meaning of accounts receivable is *an amount that is owed to a company by a customer who purchased goods or services on credit.*

Keep track of the money owed to your company. Your accounts receivable and accounts payable are automatically updated with a full service accounting system like Debtor.

Classified as a current asset, accounts receivable are short-term balances that are due for payment within an agreed upon period of time. They are the most liquid type of asset after cash.

An invoice that states specific terms such as 'net 60 days' is an indication that a sale was made from an account rather than with cash. The term 'net 60 days' means that the total invoice amount due is to be paid back at the end of the 60 day period.

There are 4 types of accounts receivable(picture 1.1.1):



Picture 1.1.1. Types of accounts receivable[3]

[3] The chart was made by author according to Accounting Coach; Does Collecting a Customer's Accounts Receivable Affect Net Income; Harold Averkamp.Financial Accounting U.S.: Uncollectible Accounts -- Accounts Receivable page 44.

Recorded Accounts Receivable. The amount of accounts receivable is increased on the debit side and decreased on the credit side. When a cash payment is received from the debtor, cash is increased and the accounts receivable is decreased. When recording the transaction, cash is debited, and accounts receivable are credited.

Accounts payable are recorded in much the same manner, but in the reverse roles - your company purchases goods or services on credit and increases the 'accounts payable'.

Collectible Accounts Receivable. When accounts receivable is later collected for cash, it does not affect the revenue previously recorded nor any revenue in the current period.

In accrual-based accounting, cash receipts from any source do not necessarily represent revenue, and thus may have no effect on a company's net income. Cash received from accounts receivable collection is debited into the cash account, an asset account on the balance sheet, and meanwhile, accounts receivable is credited to reduce its outstanding balance by the amount of cash collected.

*Doubtful Accounts Receivable***.** Companies can either write off the amount of accounts receivable when it finally becomes uncollectible or establish an allowance for doubtful accounts beforehand if they can anticipate about certain uncollectible accounts and estimate the amount for them. An allowance for doubtful accounts is a contra, or negative, account to accounts receivable and listed under accounts receivable to reduce the total carrying value of accounts receivable. When recording such an allowance, companies must also record a bad debt expense at the same time, which decreases net income.

Uncollectible Accounts Receivable. Companies have to write off uncollectible accounts receivable at some time. If no prior allowance for doubtful accounts has been set up, the company directly debits a bad debt expense to the expense account, credits accounts receivable and removes it from the balance sheet by the same expense amount. The bad debt expense thus decreases net income. To write off accounts receivable with an allowance account, accounts receivable is also

credited and removed by the amount written off and the allowance account debited and reduced. Using allowance requires no recording of bad debt expense again, and thus, uncollectible accounts receivable with an allowance account doesn't affect net income.[4]

Accounts receivable in Debtor. Using old accounting software or Excel, the values in accounts receivable and accounts payable must be entered and balanced manually. However, with an automated accounting system such as Debitoor, these amounts are automatically adjusted and balanced when payment is received.[5]

For Example:

Jamila's Company sells $1200 of jewelry to a retailer who makes the purchase on credit. The retailer has 30 days in which to pay the full $1200 (net 30 days). When the order is confirmed, Jamila's Company decreases its inventory by $1200 and increases its accounts receivable by $1200. After 30 days, once the retailer has paid the $1200, Jamila's Company increases its cash amount by $1200 and decreases its accounts receivable by $1200 - in an accounting system, this is automatically adjusted in the balances![6]

What is the difference between accounts payable and accounts receivable?Accounts payable are amounts a company owes because it purchased goods or services on credit from a supplier or vendor. Accounts receivable are amounts a company has a right to collect because it sold goods or services on credit to a customer. Accounts payable are liabilities. Accounts receivable are assets. Let's assume that Company A sells merchandise to Company B on credit. (Perhaps the invoice states that the amount is due in 30 days.) Company A will record a sale and will also record an account receivable. Company B will record the purchase (perhaps as inventory) and will also record an account payable. Our example reminds me of an old saying, "There are two sides to every

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[4]Source :http://blog.accountingcoach.com//Accounting Coach; Does Collecting a Customer's Accounts Receivable Affect Net Income; Harold Averkamp.Financial Accounting U.S.: Uncollectible Accounts -- Accounts Receivable

[5] Source : wikipeidia.com article of "What is Accounting" August 2015

[6] The example was prepared by author

transaction." In accounting we also expect symmetry: Company A has a sale and a receivable, Company B has a purchase and a payable.[7]

Overview of Accounts Receivable. When you sell goods or services to a customer and allow it to pay you at a later date, this is known as selling on credit, and creates a liability for the customer to pay your business. Conversely, this creates an asset for your company, which is called accounts receivable. This is considered a short-term asset, since you are normally paid in less than one year.

An account receivable is documented through an invoice, which you are responsible for issuing to the customer through a billing procedure. The invoice describes the goods or services you have sold to the customer, the amount it owes you (including sales taxes and freight charges), and when it is supposed to pay you.

If you are operating under the cash basis of accounting, you only record transactions in your accounting records (which are then compiled into the financial statements) when cash is either paid or received. Since issuing an invoice does not involve any change in cash, there is no record of accounts receivable in your accounting records. Only when the customer pays you do you record a sale.

If you are operating under the more widely-used accrual basis of accounting, you record transactions irrespective of any changes in cash. This is the system under which you record an account receivable. In addition, there is a risk that the customer will not pay you. If so, you can either charge these losses to expense when they occur (known as the direct write-off method) or you can anticipate the amount of such losses and charge an estimated amount to expense (known as the allowance method). The later method is preferred, because you are matching revenues with bad debt expenses in the same period (known as the matching principle).

We will illustrate these concepts below.

Recording Sales of Services on Credit. When you sell services to a customer, you normally create an invoice in your accounting software, which automatically

[7] http://www.accountingcoach.com/blog/accounts-payable-accounts-receivable

creates an entry to credit the sales account and debit the accounts receivable account.

When the customer later pays the invoice, you would debit the cash account and credit the accounts receivable account. For example, ABC International billings a customer for $10,000 in services, and records the following entry(as table 1.1):

Table 1.1.1

Recording Sales of Services on Credit[8]

	Debit($)	Credit($)
Accounts receivable	10000	
Sales		10000

This journal entry increases the accounts receivable asset for ABC, which appears as a short-term asset in its balance sheet. In addition, it increases sales, which appear in ABC's income statement.

Recording Sales of Goods on Credit. If you were to sell goods to a customer on credit, then not only would you have to record the sale and related account receivable (as was the case for the sale of services), but you would also record the reduction in inventory that was sold to the customer, which then appears in the cost of goods sold expense.

This later transaction reduces the inventory asset in the balance sheet and increases the expenses in the income statement. For example, if ABC International were to conclude a sale transaction for $25,000 in which it sold $12,000 of merchandise to the customer, its journal entry would be as table 1.1.2:

[8] Source : https://www.accountingtools.com/definitions

Table 1.1.2

Recording Sales of Goods on Credit[9]

	Debit($)	Credit($)
Accounts receivable	25000	
Sales		25000
Cost of goods sold	12000	
Inventory		12000

There is an issue with the timing of the preceding sale transaction. If the sale is made under FOB shipping point terms, the seller is supposed to record both the sale transaction and related charge to cost of goods sold at the time when the shipment leaves its shipping dock. From that point onward, the delivery is technically the responsibility of either a third-party shipper or the buyer.If the sale is made under FOB destination terms, then the seller is supposed to record these transactions when the shipment arrives at the customer; this is because the delivery is still the responsibility of the seller until it reaches the customer's location.From a practical perspective, many companies record their sale transactions as though the delivery terms were FOB shipping point, because it is easy to verify. Recording the transaction upon arrival at the customer requires substantially more work to verify.

Accounting for Bad Debt. If you sell on credit, customers will occasionally be unable to pay, in which case you should charge the account receivable to expense as a bad debt. The best way to do so is to estimate the amount of bad debt that you think will eventually arise, and accrue an expense for it at the end of each reporting period. The credit is to the allowance for bad debts account, which is a reserve account that appears in the balance sheet. Later, when a specific invoice is clearly identifiable as a bad debt, you eliminate the account receivable with a credit, and reduce the reserve with a debit. For example, ABC International invoices $1 million of invoices to various customers in January, and estimates that

[9] Source :Mark Taylor "**Accounting for Bad Debt"**

$40,000 of this amount will not be paid. Accordingly, it records the following entry to create a bad debt reserve(in table 1.3):

Table 1.1.3

Accounting for Bad Debt[10]

	Debit($)	Credit($)
Bad debt expense	40000	
Allowance for doubtful accounts		40000

In March, ABC clearly identifies $18,000 of invoices that will not be paid. It uses the following entry to eliminate the invoices and draw down the reserve balance:

Table 1.1.4

Reserved balance[11]

	Debit($)	Credit($)
Allowance for doubtful accounts	18000	
Accounts receivable		18000

If the customer were to later pay the invoice, ABC would simply reverse the entry, so that the allowance account is increased back to its former level.

An alternative method is the direct write-off method, where you only recognize a bad debt expense when you can identify a specific invoice that will not be paid. Under this approach, you debit the bad debt expense and credit accounts receivable (thereby avoiding the use of an allowance account). It is not the preferred method for recording bad debts, because it introduces a delay between the recognition of a sale and the recognition of any related bad debt expense (which violates the matching principle).

Accounting for Early Payment Discounts.If you offer customers a discount if they pay early and they take advantage of the offer, then they will pay an amount less than the invoice total. You need to eliminate this residual balance by charging

[10] Source : https://www.accountingtools.com/definitions/**Accounting for Bad Debt**
[11]https://www.accountingtools.com/definitions/Reserved **balance**

it to the sales discounts account, which will appear in the income statement as a profit reduction.

For example, ABC International offers a $100 discount to a customer if it pays a $2,000 invoice within 10 days of the invoice date. The customer does so. ABC uses the following entry to record the transaction:

Table 1.5

Accounting for Early Payment Discounts

	Debit	Credit
Cash	1900	
Sales discounts	100	
Accounts receivable		2000

*The Accounts Receivable Aging.*All outstanding accounts receivable are compiled into the accounts receivable aging report, which is typically structured to show invoices that are current, overdue by 0 to 30 days, by 31 to 60 days, 61 to 90 days, or more than 90 days. This report is used to derive the allowance for bad debts, and is also a key tool of the collections department, which uses it to determine which invoices are sufficiently overdue to require follow-up action.

Accounts Receivable Reconciliation. The accounts receivable aging report itemizes all receivables in the accounting system, so its total should match the ending balance in the accounts receivable general ledger account. The accounting staff should reconcile the two as part of the period-end closing process. If there is a difference between the report total and the general ledger balance, the difference is likely to be a journal entry that was made against the general ledger account, instead of being recorded as a formal credit memo or debit memo that would appear in the aging report.[12]

[12] Stephen L. Slavin “Introduction to Accounting”2nd edition The new school for social research New York City Union Country Collage Cranford, New Jersey

1.2Theoretical and methodological aspects of identifying liquidity level in organizations

The word liquidity has so many facets that is often counter-productive to use it without further and closer definition.

Charles Goodhart (BdF, 2008)

What is "Liquidity"? *Liquidity describes the degree to which an **asset** or **security** can be quickly bought or sold in the market without affecting the asset's price.*

Market liquidity refers to the extent to which a market, such as a country's stock market or a city's real estate market, allows assets to be bought and sold at stable prices. Cash is the most liquid asset, while real estate, fine art and collectibles are all relatively illiquid.

In context of securities, a high level of trading activity, allowing buying and s elling with minimum price disturbance.Also, a market characterized by the ability t o buy and sell with relative ease.

In context of a corporation, the ability of the corporation to meet its short-term obligations. Measured with liquidity ratios like current ratio, quick ratio, and cash ratio.[13]

Easy convertibility into cash. A liquid asset or security can be easily bought or sold with little or no impact on price. Most methods of counting money supply include some highly liquid investments such as certificates of deposit. Liquid assets and investments are highly desirable as they may be sold to allow an investor to enter otherinvestments as they arise. On exchanges, liquid investments usually have low bid-ask spreads.

[13]Copyright © 2012, Campbell R. Harvey "Accounting management"

A large position in cash or in assets easily convertible to cash. High liquidity produces flexibility for a firm or an investor in a low risk position , but it also tends to decrease profitability.[14]

Liquidity is the extent to which an ASSET can be quickly and completely converted into CURRENCY(notes and coin) in order to be used as a means of payment. Monetary assets are the most liquid since they are widely acceptable as a medium of exchange, while durable and highly specific assets , such as a machine, are the least liquid since such assets can be converted into money only after a willing buyer has been found and money value placed on the asset.

Actually liquidity is the ability of a person or company to readily and easily obtain cash from its assets in order to meet obligations or make purchases![15]

In accounting, the term liquidity is defined as the ability of a company to meet its financial obligations as they come due. The liquidity ratio, then, is a computation that is used to measure a company's ability to pay its short-term debts. There are three common calculations that fall under the category of liquidity ratios. The current ratio is the most liberal of the three. It is followed by the acid ratio, and the cash ratio. These three ratios are often grouped together by financial analysts when attempting to accurately measure the liquidity of a company.

Financial liquidity is an elusive notion, yet of paramount importance for the well-functioning of the financial system. Indeed a quick view into the Financial market tensions since August 2007 stress this point. These tensions appeared as liquidity in money markets declined significantly (see Figure 1), following credit rationing in the inter telecommunication organizations. This was due to the fact that organizations refused to lend to each other because of funding liquidity problems relating to uncertainty over their exposure to structured products. The

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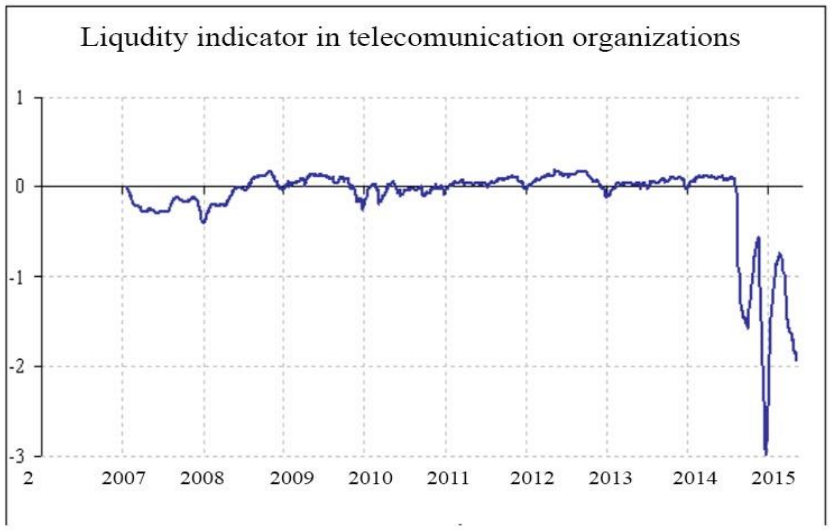
[14]Wall Street Words: An A to Z Guide to Investment Terms for Today's Investor by David L. Scott. Copyright © 2005 by Houghton Mifflin Company.Published by Houghton Mifflin Company. All rights reserved.

[15]The Complete Real Estate Encyclopedia by Denise L. Evans, JD & O. William Evans, JD. Copyright © 2015 by The McGraw-Hill Companies, Inc.

amount of exposure was a significant consideration because liquidity of these structured assets had declined significantly, thereby reinforcing difficulties in valuing such products. As a result, central banks intervened and injected liquidity into the markets. This short exposition reveals important insights. To begin with, financial markets liquidity can take many different faces - such as market liquidity (interbank and asset market), funding liquidity and central bank liquidity. More importantly, in order to understand financial system liquidity, one needs to look closer at the various forms of liquidity in the financial system and the linkages among them. Three main liquidity notions, namely central bank liquidity, market liquidity and funding liquidity are defined and discussed. Their complex and dynamic linkages can give us a good understanding of the liquidity workings in the financial system and reveal positive or negative effects for financial stability, depending on the levels of liquidity risk prevailing.

It is exactly this type of market risk that typically alerts policy makers, because of its potential to destabilize the financial system. In such cases emergency liquidity provisions can be a tool to restore balance(picture 1.2.1).



Picture 1.2.1.Liquidity in the euro area of telecommunication organizations[16]

[16]Working paper series no 1008 / February 2013 "Liquidity (risk) concepts definitions and interactions" by Kleopatra Nikolaou
This paper was written in partial fulfillment of the ECB Graduate Program 2015. The author is indebted for useful conversations and constructive comments to Nuno Cassola. The author would also like to thank

In this section we identify and define three main types of liquidity pertaining to the liquidity analysis of the financial system and their respective risks. The three main types are central bank liquidity, market liquidity and funding liquidity. We analyze the properties and empirical behavior of each liquidity (risk) type. We also present measures of liquidity risk and discuss the relation between liquidity and liquidity risk.

Liquidity is the notion of liquidity in the economic literature relates to the ability of an economic agent to exchange his or her existing wealth for goods and services or for other assets. In this definition, two issues should be noted. First, liquidity can be understood in terms of flows (as opposed to stocks), in other words, it is a flow concept. In our framework, liquidity will refer to the unhindered flows among the agents of the financial system, with a particular focus on the flows among the central bank, commercial banks and markets.

Second, liquidity refers to the ability of realizing these flows. Inability of doing so would render the financial entity illiquid. As will become obvious below, this ability can be hindered because of a symmetries in information and the existence of incomplete markets.

Liquidity risk is the risk that relates to the probability of having a realization of a random variable different to the realization preferred by the economic agent15. In our context the economic agent would have a preference over liquidity. In that sense, the probability of not being liquid would suggest that there is liquidity risk. The higher the probability, the higher the liquidity risk. When the probability equals unity (i.e. the possibility becomes a certainty) liquidity risk reaches a maximum and illiquidity materials. In that sense, there is a inverse relationship between (il)liquidity and liquidity risk, given that the higher the liquidity risk, the higher the probability of becoming illiquid, and therefore, the lower the liquidity.[17]

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the participant of the ECB Graduate Program Presentation Series, as well as the Editorial Board of the ECB Working Paper Series for useful comments.
The author alone is responsible for any errors that may remain and for the views expressed in the paper.
[17]Working paper series no 1008 . february 2013 Liquidity (risk) concepts definitions and interactions by Kleopatra Nikolaou ,page 15

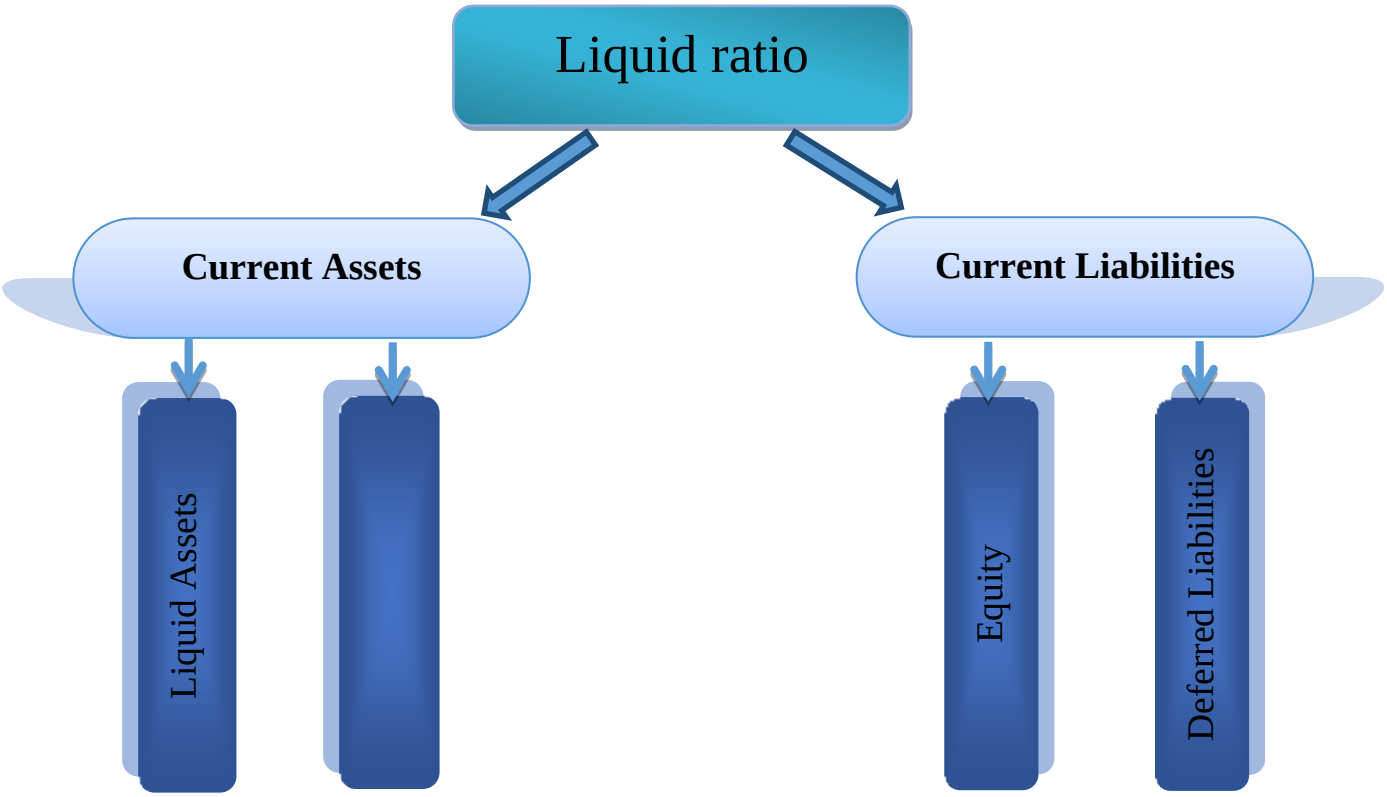
Liquidity linkages. In this section we argue that the three distinct types of liquidity are intensively inter connected. To validate this claim, we analyze linkages among them based on two alternative scenarios. The first is under normal periods and the second under turbulent periods. Normal periods refer to periods of low liquidity risk. In such periods the system a virtuous circle would be established between the three liquidity types, fostering stability of the system. The turbulent periods would refer to periods of high liquidity risk. In such periods the linkages between the three liquidity types would remain strong, however, they would prompt a vicious circle among the three liquidity types which could ultimately destabilize the financial system. We describe the liquidity linkages under these two scenarios in an attempt to analyze the cause of liquidity risk, bring forward the mechanisms and transmission channels among the different liquidity types and discuss the role of central bank liquidity in such situations.

Liquidity linkages in normal times. In normal periods liquidity flows easily among the three liquidity types, establishing a virtuous liquidity circle that stimulates stability in the financial system. The central bank, who has the responsibility to supply aggregate liquidity (Friedman and Schwarz, 1963), would provide the "neutral" amount of liquidity1 to the financial system. This would cover the liquidity deficit of the financial system on aggrgate.This amount of liquidity would be received by the banks and, through the various markets (interbank and asset markets) it would be re-distributed to the liquidity needing agents of the financial system and recycled within the system. Each agent who is liquidity constrained would ask for the amount of liquidity that would satisfy her funding liquidity needs. After this (aggregate) re-distribution, the central bank would observe the new demand for liquidity and supply it, so that a similar liquidity circle start again (see ECB, 2004). In that sense, each liquidity type performs a very specific role. The central bank would provide the "neutral" amount of liquidity, markets would ensure its re-distribution and recycling and funding needs its efficient allocation among the agents.

Identifying practical and methodological liquidity ratio.

Liquid Ratio may be defined as the ratio of liquid assets to liquid liabilities or current liabilities. It is concerned with the relationship between liquid assets and liquid or current liabilities.

The other terms used for liquid ratio are ‘Quick ratio’ and ‘Acid Test Ratio’. For the purpose of computation, the current assets and current liabilities could be classified as follows(picture 1.2.2):



Picture 1.2.2.Description of Liquid Ratio[18]

Establishing a simple rule that all assets and liabilities are liquid if they are expected to be realized or paid within a month could make this classification, otherwise they belong to ‘deferred’ category.

However, the criterion for such classification depends upon the purpose for which the liquid ratio is used.

[18] The chart was made by autor according to february 2013 Liquidity (risk) concepts definitions and interactions by Kleopatra Nikolaou page 16

Principal Liquidity Ratios:

Current Liquidity Ratio:

$$\text{Current ratio} = \frac{Current\ Assets}{Current\ Liabilities} \quad [14]$$

Meaning: Current Ratio may be defined as the ratio of current assets to current liabilities. It is also known as Working Capital Ratio. It shows the relationship between the total current assets and total current liabilities

Components:

Current assets mean cash or those assets convertible or expected to be converted into cash within the accounting year, and current liabilities are those liabilities to be paid within the same time.

Current assets normally include the following items:

Cash in hand and at bank, Marketable Securities or readily realizable investments, Bills Receivable, Book Debts (excluding bad debts and provision), Inventories and Prepaid Expenses. Current Liabilities include items such as Outstanding or Accrued Expenses, Sundry Creditors, Bills Payable, Organization Overdraft, Provision for Taxation, etc.

General Guidelines:

All current assets and current liabilities should be properly valued. Therefore all reserves and provisions created should be deducted from such current assets. Book debts outstanding for more than 6 months and loose tools should be excluded.

Investments, which are easily marketable and are meant to be sold for cash should be treated as current assets. Even long-term liabilities, if they are repayable within the accounting year, should be treated as current liability.

Bank overdraft, unless specifically stated as a permanent arrangement, should be treated as a current liability. As regards bills receivable, all bills (whether discounted or not) should be treated as current asset and at the same time, discounted bills receivable should be treated as current liability.

Example 1:

From the following compute the Current Ratio:

Table 1.2.1

Excerpt from a Balance Sheet[19]

	Rs.			Rs.
Sundry creditors	**15.000**	**Cash**		**10.000**
Outstanding Expenses	**2.000**	**Short term Investments**		**20.000**
Bills Payable	**8.000**	**Bills Receivable**		**6.000**
Income tax Payable	**15.000**	**Book debts**	**42.500**	
Organization overdraft	**35.000**	**Less Reserve**	**2.500**	**40.000**
		Inventories		**44.000**
		Prepaid expenses		**5.000**
		Loose Tools		**5.000**
Total	**75.000**	**Total**		**130.000**

Total current assets Rs. 1, 25,000 (loose tools should be excluded). Total current liabilities Rs.75, 000.

$$\text{Current ratio} = \frac{1,25,000}{75,000} = 1.67$$

Interpretation. From the above ratio, it is clear that for every rupee worth of current liabilities, there are current assets worth Rs.1.67. In other words, it connotes that the firm can meet all its current obligations even by just realizing 60% of its current assets.

Components:

Liquid assets normally include cash, bank, sundry debtors, bills receivable, and short-term investments or marketable securities. In other words, they are current assets minus inventories and prepaid expenses.

In the same manner, liquid liabilities are current liabilities minus bank overdraft and income received in advance.

The formula is as follows:

[19]http://www.yourarticlelibrary.com/accounting/ratio-analysis/analysis-of-liquidity-ratios-with-examples/61846/ answered byby RohanAgarwal Ratio Analysis. The table was made according to analysis of liquidity ratios with examples by author

$$\text{Liquid ratio} = \frac{Liquid\ Assets}{Liquid\ Liabilities} or \frac{Liquid\ Assets}{Current\ \ Liabilities} \quad [14]$$

Some authorities recommend that liquid ratio may be computed comparing current liabilities with liquid assets.

General Guidelines:

All guidelines that are applicable to the computation of current ratio are equally applicable to the computation of liquid ratio. That is, current assets and current liabilities should be properly valued and the nature of assets should be kept in view.

Example:From the figures given in Example 1, the liquid ratio may be calculated as follows:

Liquid assets = Current assets - inventory and prepaid expenses.

= Rs. 1, 25,000 - (Rs.44, 000 + Rs.5,000) = Rs.76,000

Liquid liabilities = Current liabilities - organization overdraft

= Rs.75, 000 - Rs.35,000 = Rs.40,000

$$\text{Liquid ratio} = \frac{Rs.76{,}000}{Rs.40{,}000} = 1.9$$

Interpretation:

The ratio indicates that by realizing the debtors, short-term investments and bills receivables at their face values along with cash and bank balances, the firm could pay off all liquid liabilities.

In other words, the firm could meet its liquid liabilities without resorting to the sale of inventories. Comparing with the standard ratio of 1:1 for liquid ratio, the actual ratio i.e., 1.9 is exceptionally good.

However, maintaining very high ratio continuously may also indicate too much of idle cash resources.

Significance of Liquid Ratio:

Liquid Ratio is a more rigorous test of liquidity than current ratio.A comparison of current ratio with liquid ratio would indicate the degree of inventory held up.

A high liquid ratio compared to current ratio may indicate under-stocking while a low liquid ratio may indicate over-stocking.

When used in conjunction with current ratio, the liquid ratio gives a better picture of the firm's capacity to meet its short-term obligations out of short-term assets. However, it is difficult to establish a standard without further investigation.

A reasonable standard for the liquid ratio may vary from season to season and also from business to business. For example, a manufacturing company may have a weak liquid ratio in time of prosperity, for increased activity may result in huge stocks and holding of less cash.

Hence, it should be remembered while arriving at conclusions that though technically inventories are not immediately available to meet current liabilities, to some extent, they do generate cash during normal course of business.

Inventories are converted into cash, debtors, and bills receivable when they are sold in the ordinary course of business. Though this ratio is an improvement over current ratio, the interpretation of this ratio also suffers from the same limitations of current ratio.

Absolute Liquidity Ratio:

Absolute liquidity is represented by cash and near cash items. Hence, in the computation of this ratio, only absolute liquid assets are compared with liquid liabilities.

These assets normally include cash, bank, and marketable securities. It is to be observed that receivables are excluded from the list of liquid assets.

Formula:

$$\text{Absolute Liquid ratio} = \frac{Cash + Short\ term\ investments}{Current\ \ assets} \quad [13]$$

This ratio gains significance only when it is used in conjunction with the first two ratios. A standard of 0.5: 1 is considered an acceptable norm for this ratio.

In other words, this ratio indicates that 50 praises worth of absolute liquid assets are sufficient to meet one rupee worth of liquid liabilities. However, this ratio is not in much use.

The Current Ratio, Liquid Ratio and Absolute Liquidity Ratio generally indicate the adequacy of current assets for meeting current liabilities. This is one dimension of liquidity analysis.[20]

[20]Accounting of ratio analysis, analysis of liquidity ratios with example by S.S Obida

2. ANALYSIS OF IDENTIFYING LIQUIDITY LEVEL IN THE EXAMPLE OF THE "UZBEKTELCOM" JSC

2.1 The liquidity level and their analysis in of "Uzbektelecom" JSC

Nowadays all countries have open economic system. In this system we will study the condition of assets such as current assets and their analyzes how they should be decided on. Firstly we have study asset liquidity and asset management efficiency. Requirement for this analyze is used to improve lacks of financial limits and give opportunities that turning the debts that was taken in the open economic market system.

Identifying the liquidity level of organization is the one types of the important work that helps to identify the financial condition of the organization. Actually identifying the liquidity level of organization is used for taking short term debts from financial banking organizations.

The liquidity level means that substituting short term debts in organizations, such as helps to know that organization substitute the debts with its assets.

Liquidity ratios are used to determine a company's ability to meet its short-term debt obligations. Investors often take a close look at liquidity ratios when performing fundamental analysis on a firm. Since a company that is consistently having trouble meeting its short-term debt is at a higher risk of bankruptcy, liquidity ratios are a good measure of whether a company will be able to comfortably continue as a going concern. Any type of ratio analysis should be looked at within the correct context. For instance, investors should always look at a company's ratios against those of its competitors, its sector and its industry and over a period of several years. In this issue's Fundamental Focus, we investigate liquidity ratios using time-series analysis, competitive analysis and sector and industry analysis.

For identifying liquidity ratio we must consider every financial indicator of company. Now we want to give much attract to the accounts receivable. Because the theme of our diploma work about accounts receivable and their influence on the liquidity of company.

In the below informations we can see the accounts receivable of “Uzbektelecom” JSC

Another one of the main features of the accounts receivable sales volume and cash flow will determine the life of the loan .

For example , you can increase the amount of credit to extend the term of sales . The costs associated with the loan term payables and income has a direct connection . If credit terms if the company will be investing less outstanding payments and bad debt losses will be less , but this is a reduction in the volume of sales , operating income declined and may lead to a negative impact on consumers.

On the other hand, credit life is uncertain , the long-term if the company can achieve increased sales and profits , but at the same time desperate and liabilities associated with increased risk , the less efficient consumers may postpone the increase in costs associated with the payment . If the production company , which is the excess reserves of the commodity or goods passing through a period of seasonal goods , the liberalization of the debt payable .

A Corporate Brand with a high need to pay or reduce the term of the debt payable if the goods can be used in the implementation process . Evaluation of potential consumers ' ability to pay its financial condition and to assess the property .

Along with the extension of the term of the loan itself will lead to the emergence of additional costs : the credit department , the department of computer and administrative costs rise , an increase in commissions and other expenses .

Receivables management methods and approaches available in almost every business and company identity. But in many companies the most common methods.

Enterprises in the management of the debt payable in foreign traditional methods. Communication companies in the field of receivables management systems approach. At present, only companies with receivables management payables department is engaged in a systematic approach, the company lawyer, the client department, the marketing department, the Department of payables, receivables management operate as a single system.

Marketing - customer payment status and to study the factors that influence them , in the second stage of the prophecy of paying customers , he said .

Table 2.1.1

Accounts receivable of "Uzbektelecom" JSC[21]

Indexes	2013		2014		Differ. (+,-)
	Thous. sums	Share , %	Thous. sums	Share , %	
Debts of buyers and customers	50770074	61	71796812	59	21026738
Payments to employees in advance	-	-	-	-	-
The budget for advance payments of taxes and duties	10819852	13	7301553	6	3518299
Other operating debts of the employees	3329185	4	7321319	6	3992134
Shares in the authorized capital of the founders of the debt	-	-	-	-	-
Separated departments debts	-	-	-	-	-
Deduct advance to suppliers and contractors	-	-	-	-	-
Advance payments to state funds and insurance	-	-	-	-	-
Other accounts receivable	18310519	22	35290843	29	16980324
Total accounts receivable	**83229631**	**100**	**121692563**	**100**	**38462932**

[21] The table was made by author based on "Annual report of "Uztbektelecom" JSC 2013-2014"

Department of payables - based on the data prepared in the above sections accounts work , reducing the usability of circulating assets there .

Speaking about ways to reduce accounts receivable and payable , the following suggestions and recommendations presented in table 2.2.1 can achieve effective results(Table 2.2.1).

Term liabilities cycle refers to debt collection , accounts payable and understood their rotation rates . The direct current from the obligation few days later , characterizes the degree of rotation for cash .

Cycle obligations payable from the proceeds from the sale of receivables liabilities are determined based on the amount of money available

Analysis of the amount of obligations payable during the day to increase the amount of the net proceeds from the sale of the calendar to be determined based on circular debt payable .

Seen the company in the beginning of 2013, total payables of information 174185 thousand rubles, of which the main part of which 106991 thousand rubles, or 61% of the debts of buyers and customers, and 37567 thousand rubles, or 22% of outstanding debt.

Changes in the structure of payables at the end of the year.The increase in the debt of buyers and customers 12860 thousand rubles, which is 119851 thousand rubles as a result of their volume increased by 16%.This positive assessment of the situation, because the money already paid the debt in the coming period to spend in other areas.

In addition, other items also vary. Other employees of the branch operations of the debt compared to the beginning of the year 4006 thousand rubles.

Also, along with the Land. In other words, the budget for advance payments of taxes and duties 11107 thousand rubles at the end of the year. The beginning of this year decreased compared to 1106 thousand rubles.

Debt obligations payable or paid special attention to the analysis of their cycle. After all, the level of receivables and liabilities cycle of the company is one of the most important indicators of the financial assessment.

To improve the financial situation attracted funds from abroad, including bank loans also played a role. The financial structure of the potential decrease in the share of attracted funds from abroad. Bank loans as high as possible of the current environment, every organization is desirable to use less. It is stabilized production or service operations in a normalized when bank financing can give better results. As a result, the financial condition the use of bank loans for the time, and requires a deep knowledge of its size.

Table 2.2.2

Assets and Liabilities of "Uzbektelecom" JSC (thous.sums)[22]

Indexes	2013	2014
Assets		
1.Long term assets		
Fixed assets		
Started value	469 320 078	516 963 262
Amortization value	61 215 662	67 429 990
Residual value	408 104 416	449 533 271
1.Total	408 104 416	449 533 271
2.Current Assets		
Inventory	75 630 434	85 441 908
Monetary Assets	19 763 511	44 260 347
Accounts receivable	83 229 631	121 692 563
Short term Investments	103 058 325	107 693 839
Other Assets	121 585 133	270 100 003
2.Total	383 503 523	629 188 660
Total Assets in Balance	811 371 450	1 078 721 931
Indexes	**2013**	**2014**

[22] The table was made by author based on "Annual report of "Uzbektelecom" JSC for 2013-2014 years"

Liability		
Equity	335 978 523	474 179 374
Long term Liabilities, such as long term creditor debts	372 366 772	374 173 070
Current liabilities	104 575 609	232 000 524
Total liabilities in Balance	811 371 450	1 078 721 931

In this table that has given assets and liabilities of communication organization in 2013 and 2015. You can see the types of assets and liabilities of telecommunication organizations. And in this table assets and liabilities have been compared between two years.

For example, long term assets has increased for 10 % in 2015

Now according to the upper informations we will count the liquidity level of "Uzbektelecom" JSC.

For 2014-year:

Current ratio:

$$\text{Current Liquidity ratio} = \frac{Current\ Assets}{Current\ Liabilities} = \frac{629188660}{232000524} = 2.71$$

Quick Liquidity Ratio:

$$\text{Quick Liquidity ratio} = \frac{Current\ Assets - Inventories}{Current\ Liabilities} = \frac{543746752}{232000524} = 2.34$$

Absolute Liquidity Ratio:

$$\text{Absolute Liquidity ratio} = \frac{Cash + Short\ term\ Investmens}{Current\ Liabilities} = \frac{151954186}{232000524} = 0.65$$

For 2013-year:

$$\text{Current Liquidity ratio} = \frac{Current\ Assets}{Current\ Liabilities} = \frac{383503523}{104575609} = 3.66$$

$$\text{Quick Liquidity ratio} = \frac{Current\ Assets - Inventories}{Current\ Liabilities} = \frac{307873089}{104575609} = 2.94$$

$$\text{Absolute Liquidity ratio} = \frac{Cash + Short\ term\ Inventories}{Current\ Liabilities} = \frac{122821836}{104575609} = 1.17$$

Table 2.2.3

The difference of liquidity ratios[23]

Types of liquidity ratios	2013	2014	Difference
1. Current liquidity ratios	3.66	2.71	-0.95
2.Quick liquidity ratios	2.94	2.34	-0.6
3.Absolute liquidity ratios	1.17	0.65	-0.52

Interpretation . In the first type of liquidity ratio we may see that the current liquidity ratio has decreased a bit than previous year. Such as the difference of ratio is -0.95. But it doesn't mean that the company can't pay its short term liabilities. Actually can pay! Because the company's current assets has increased in about twice. The company exactly can pay the liabilities by its current assets. The reason of decreasing liquidity ratio is that: In 2013 the assets was 383 503 523 more than 3 times than current liabilities (104 575 609). But 2013 the degree shows that 2.71. In 2014 current assets amount has changed lesssensitivity than the amount of current liabilities

As an example of how to properly examine liquidity ratios, we will use the financial statement data for "Uzbektelecom" JSC found in 2014 year's fundamental research database. While you can access financial statements directly on company websites two years of balance sheets at its site. For our purpose of examining trends in liquidity ratios, we need several years of financial statements in order to gather all the data. And since Uzbektelecomcontains yearly balance sheet figures going back seven years, our task is made much easier if we use the data offered there rather than downloading several years of reports from another source.

[23] The table was made by author based on "Annual report of "Uzbektelecom" JSC for 2013 and 2014"

You may also find financial statement data at websites such as uztelecom.uz! Table 2.2.3 provides all the revelvant data for calculating these ratios.

The current ratio is the first of three financial ratios that we have found in examine.

As stated earlier, liquidity ratios measure a company's ability to pay off its short-term debt using assets that can be easily liquidated. In this case, the current ratio measures a company's current assets against its current liabilities. Generally, higher numbers are better, implying that the firm has a higher amount of current assets when compared to current liabilities and should easily be able to pay off its short-term debt. As shown in Table 2.2.2, the company's 2014 current assets are 383 503 523 thous.sums and its 2014 current liabilities are 104 575 609 thous. sums. Plugging these numbers into our formula gives us a current ratio of3.67 (rounded to 2.2.3).

The quick ratio, also known as the acid-test ratio, is a liquidity ratio that is more refined and more stringent than the current ratio. Instead of using current assets in the numerator, the quick ratio uses a figure that focuses on the most liquid assets.

The main asset left out is inventory, which can be hard to liquidate at market value in a timely fashion. The quick ratio is more conservative than the current ratio and focuses on cash, short-term investments and accounts receivable.

Once again, taking a look at the 2014 financial statements for Uzbektelecom's, we find that cash and equivalents are 44 260 347thous.sums, accounts receivable are 121 692 563thous.sums and short term investments are 107 693 839. Current liabilities are 232 000 524for the year.

Plugging these figures into our formula gives us a quick ratio is 2.94,decreased to -0.95, for fiscal-2014.

The cash ratio is the most conservative of the three liquidity ratios covered in this article. As the name implies, this ratio is simply the ratio of absolute liqudity and equivalents compared to current liabilities. This ratio looks only at assets that

can be most easily used to pay off short-term debt, and it disregards receivables and shortterm investments. The argument for using the cash ratio is that receivables and short-term investments often cannot be liquidated in a timely manner.

Receivables can be sold, or monetized, but the firm will not be able to get the full value of the receivables sold. Keep in mind that, due to their high liquidity, short-term Treasuries are considered cash equivalents, not short-term investments.

For fiscal-2014, the calculation for absolute ratio involves using 44 260 347thous.sumsfor the numerator of the equation and 232 000 524 thous.sums for the denominator. After plugging in the numbers, we find that the absolute ratio for fiscal- 2014 is 0.656, rounded to 0.7.

Interpreting the Ratios. Calculating the ratios is typically the easy part. The difficulties lie in analyzing the ratios, interpreting their meaning and making an educated investment based on the findings. As with any fundamental ratio analysis, performing a time-series analysis, a competitive analysis and industry and sector analyses are good first steps. Note that the quick ratio we calculated for Uzbektelecom's for 2010 is slightly different than the one shown in Table 2.2.3. Instead of short-term investments, Uzbektelecom uses marketable securities in the numerator of the equation, causing its quick ratio calculation to be slightly higher. Either formula works as long as you remain consist in your analysis. For our analysis here, we use the figures provided by Uzbektelecom.

As we stated, firms with higher liquidity ratios are better able to meet their short-term obligations. From Table 2.2.3, you can see that Uzbektelecom's has significantly lower liquidity ratios than 2013.

Another major observation can be made using time-series analysis. Ratios of the company was the strongest at the end of 2013, but has decreased at the end of 2014. This can be easily explained by the recession we experienced in 2014. As our economy fell into recession, it was natural that fewer people dined at high-end restaurants. The two firms have less cash coming in and will possibly have to borrow more in order to weather the down turn. Both of these scenarios will place

an added burden on liquidity ratios. Unsurprisingly, as the economy recovered, so did the liquidity ratios.

Finally, we perform an industry and sector analysis. Uzbektelecom's is in the services sector and the restaurants industry. Table 2.2.3 compares the current and quick ratios for Uzbektelecom's to its sector and industry medians. As you can see, both the company's current and quick ratios dipped significantly below the sector medians during the economic recession. Once again, this should come as no surprise. While it is to be expected that the services sector may experience slight difficulties during tough economic times, it makes sense that high-end restaurants are especially affected. The same can be said for the telecommunication industry. The industry as a whole may not suffer the declines that high-end restaurants experience. Consumers may use for communication rather than other communication organizations. Overall, Uzbektelecom's liquidity figures are rebounding back toward the sector medians and have always been strong compared to the industry.

Liquidity ratios are just a small part of fundamental analysis. Looking only at these ratios would lead you to believe that Uzbektelecom's is the stronger organization. Furthermore, the ratios imply that the best time to invest would have been sometime in early 2013. However, there is often another side to the story. "Uzbektelecom" JSC is a larger firm with more locations. Weaker liquidity ratios may be due to aggressive expansion policies. As always, it is prudent not to rely too heavily on a single set of ratios, but to research the firm as a whole.

2.2 Analysis of the financial indicators of "Uzbektelecom" JSC

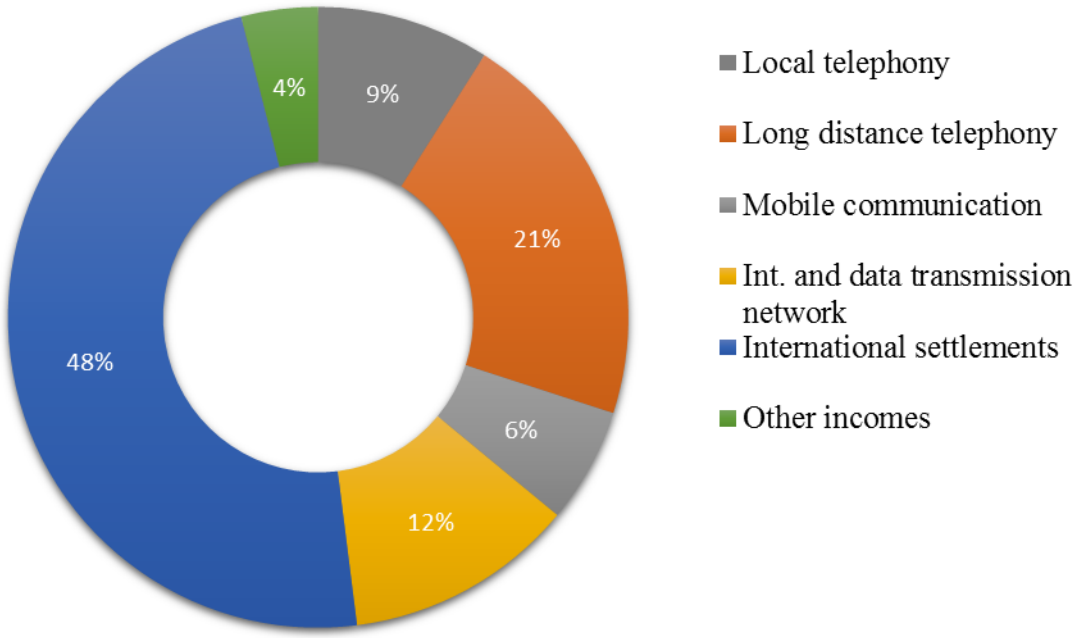
Net profit of «Uzbektelecom» JSC for the year has comprised 39.7 billion sums, with increment in comparison with the previous year in 2.5 times, operating profitability has been 4.9%. Worker productivity has increased by 16.0% and comprised 5 470 thousand sums per month per employee.

Revenues from telecommunication services rendered by «Uzbektelecom» JSC in 2015 comprised 883.3 billion sums, increasing by 19% comparing with the previous year.

Most of revenues form proceeds from international communication – 48%, income from local and long-distance telephone communication – 30% and income from other communication services – 22%.

Income from local telephone services in 2014 comprised 77.6 billion sums (growth rate +7% comparing with 2013). Income from long-distance telephone communication in 2015 comprised 182.1 billion sums (growth rate +16% comparing with 2014). Growth of income was due to increase of long-distance traffic.

The greatest potential to sustain growth of income the company has in provision and development of promising services based on data transmission and mobile communication services.



Picture 2.2.1 Shares of profits[24]

[24] The chart was made by author based on Annual report of Uzbektelecom 2014

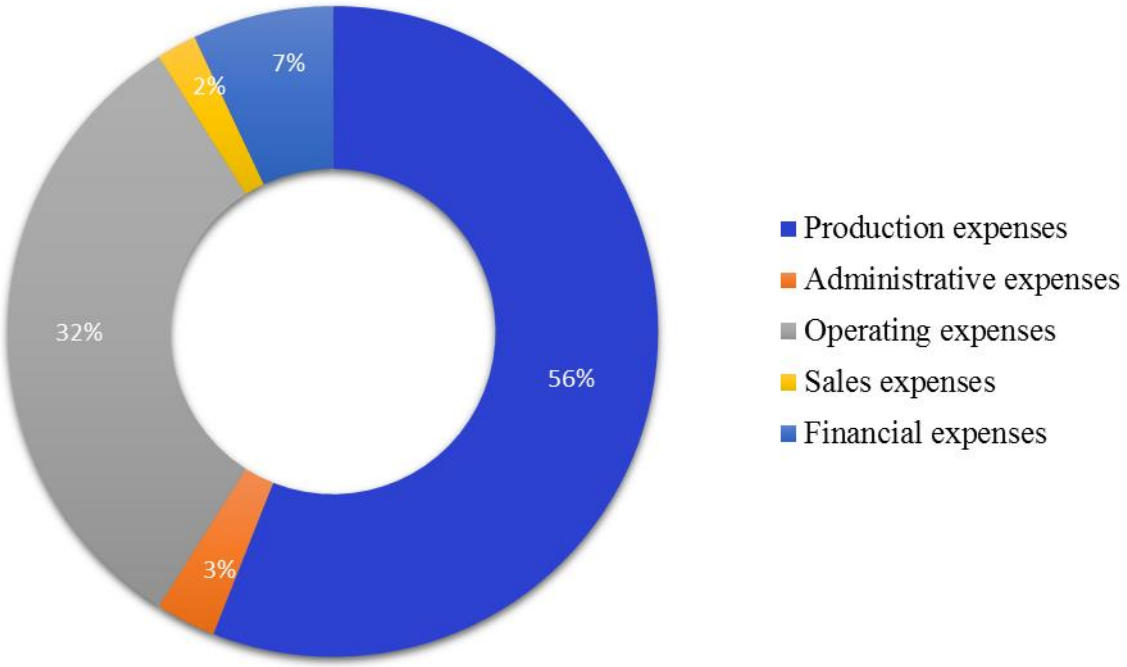
The growth rate of revenues from Internet and mobile communications in 2015comprised 82% and 47% correspondingly. The volume of services rendered to population amounted to 197.0 billion sums, the growth rate comparing with the previous year comprised 125%.

Other income from non-core services amounted to 15.9 billion sums. Income from financial activities amounted to 52.7 billion sums. In below you can see these by chart(picture 2.2.1)

In 2014 nearly all expenses have increased except financial expenses. This type of expense has decreased about twice. Local telephony expenses in 2014 comprised in 4 %. But this is not bad for our company. Because the less company expanse, the more the company become incomes or profits.

Total expenses in 2014 amounted to 825.2 billion sums.

Expenses ratio to total expenses(picture 2.2.2):



Picture 2.2.2 Shares of expenses[25].

[25] The chart was made by author based on Annual report of Uzbektelecom JSC 2014

The basic financial aim of nonprofit organization is the most financially effective realization of the mission that cause the donors support for the organization. It is close in many points to maximization of for profit firm's value. Financial literature contains information about numerous factors that influence organization financial efficiency and performance. Among those contributing factors is the extent of the networking capital and the elements shaping it, such as the level of cash tied up in accounts receivable, inventories, the early settlement of accounts payable, and operational cash balances.

The theoretical model of financial liquidity management in telecommunication organization is illustrated by financial results of the company. Many of organizations are almost identical in operating processes with for-profit businesses, but are nonprofit because of their main mission. Organizations like the other organizations targets whole energy of the organization managing team to meet the needs of their clients: the beneficiaries . Using cost of capital perspective, is needed to remember that nonprofit organizations works in strong competition for possibility to better serve the beneficiaries

The descriptive statistics of two profitability measures and expenses are reported in picture 2.2.1, while the expenses are presented in picture 2.2.2. The measures of profitability, as well as the explanatory variables (receivables turnover ratio, accounts receivable to revenue ratio, size and liquidity), are averaged for the period 2014. Size is the natural logarithm of net sales. Liquidity is measured by current ratio (current assets/current liabilities). Receivables turnover ratio measures the average period for which sales revenue will be held in accounts receivable. This ratio is usually used to describe the efficiency and effectiveness of receivables collection. The trends in accounts receivable to revenue ratio highlight tendency in the degree of investment in accounts receivable.

Table 2.2.1

Financial results report (thousand sums)[26]

INDEXES	2013		2014	
	Profit(income)	Loss(expenses)	Profit(income)	Loss(expenses)
Net proceeds from sales of products (goods, works, services)	686 227 298		806 875 095	
Cost of products(goods, works, services) sold		379 289 576		464 413 488
Gross profit (loss) from sales	306 937 722		342 461 607	
Period expenses, including:		249 337 096		303 593 754
Distribution costs		13 410 649		16 258 154
Administrative expenses		24 093 579		25 067 549
Other operating expenses		186 706 328		225 968 245
Period costs are excluded from the tax base in the future		25 126 540		36 299 807
Other operating income	10 775 902		15 989 997	
Profit (loss) from operating activity	68 376 528		54 857 850	
Income from financial operations	54 857 850		52 777 484	
Expenses from financial operations		120 757 916		57 241 184
Profit (loss) from general activity	25 247 294		50 394 150	

[26] Source : Annual report of “Uzbektelecom” JSC for 2013-2014 years

Tax on income (profit)		8 202 713		7 468 114
Other taxes and fees from income		1 189 909		3 234 482
NET PROFIT (LOSS) FORTHE PERIOD	15 854 672		39 691 554	

The table shows us the financial condition of "Uzbektelecom" JSC . We can also see the net profit of two years. There is given expenses and profits of the company in two years.

Table 2.2.2

Differences between profits and expenses[27]

Indexes	**Indexes between 2years(thous. sums)**		**Differences between 2 years**	
	2013	2014	In sums	In %
Net proceeds from sales of products (goods, works, services)	686 227 298	806 875 095	120 647 797	+17,5813
Gross profit (loss) from sales	306 937 722	342 461 607	35 523 885	+11,5736
Other operating income	10 775 902	15 989 997	5 214 095	+48,3866
Profit (loss) from operating activity	68 376 528	54 857 850	-13 518 678	-19,7709
Income from financial operations	54 857 850	52 777 484	-2 080 366	-3,7922
Profit (loss) from general activity	25 247 294	50 394 150	25 146 856	+99,6022
Total profits	**1 152 422 5941**	**1 323 356 183**	**170 933 589**	**+14,832**
Cost of products(goods,	379 289 576	464 413 488	85 123 912	+22,443

[27] Source : The table was made by author according to Annual report of "Uzbektelecom" JSC for 2013-2014 years

works, services) sold				
Period expenses, including:	249 337 096	303 593 754	54 256 658	+21,7604
Distribution costs	13 410 649	16 258 154	2 847 505	+21,2332
Administrative expenses	24 093 579	25 067 549	973 970	+4,0424
Other operating expenses	186 706 328	225 968 245	39 261 917	+21,0287
Period costs are excluded from the tax base in the future	25 126 540	36 299 807	11 173 267	+44,468
Expenses from financial operations	120 757 916	57 241 184	-63 516 732	-52,5984
Tax on income (profit)	8 202 713	7 468 114	-734 599	-8,9555
Other taxes and fees from income	1 189 909	3 234 482	2 044 573	+171,826
Total expenses	**1 008 114 306**	**1 139 544 777**	**131 430 471**	**+13,0373**

According to this report we will compare the difference of expenses and profits between two years. Differences is given in below(table 2.2.2).

Firstly if we interpret this table we may see the profits of Uzbektelecom has increased more than the expenses of Uzbektelecom. Such as the table shows us in 2013, the profit is 1 152 422 5941 thous.sums and in 2014 it shows 1 323 356 183. The reason is that: Net proceeds from sales of products (goods, works, services), gross profit (loss) from sales and other operating incomes are regularly raised. Profit (loss) from general activity has raised about double. But Profit (loss) from Income from financial and operations operating activity has decreased.

And secondly we interpret expenses. Expanses have also increased in 2014 than in 2013. But expenses from financial operation (57 241 184) and taxes on income (7 468 114) has decreased a bit. Accounting for these the expenses has increased bitter than the profits.

Modernization and expansion of international switching centers according to new generation networks technology had been carried out – construction of the backbone network based on IMS in order to provide high quality services to subscribers, routing and switching multimedia traffic at up to date level by creating reserve alternative switching route, ability to connect third-party organizations (operators) to the network and provide them with a wide range of services. Develop and increase the subscriber base through the use of new technologies.

The company modernized IP/MPLS network of TCNT branch, increasing the speed on the main level up to 100 Gbps, based on a new DWDM transport network. New network connected all parts of Tashkent city through high-speed optical channels. Also, a new line with one lambda speed of 100 Gbps had been launched. New line has connected the capital of the Republic – Tashkent city – with one of the historic monuments of Uzbekistan – Bukhara city.

In order to provide new broadband services more than 2000 km of fiber-optic communication lines had been laid for the implementation of «last mile» highspeed access network solutions and the introduction of a special class of operating units solution was applied – MSAN (Multi Service Access Node), supporting multiple services – from traditional telephony to IPTV in a single hardware platform.

The charter capital of «Uzbektelecom» JSC, divided for 32,694,633 shares is formed in the amount of 37,729,606,482 sums and according to relevant regulations of the Government of the Republic of Uzbekistan available shares are distributed as follows:

- 45% – state-owned assets;
- 49% – shares intended for sale to foreign investors (currently owned by the state);

– 6% – shares of legal and physical persons – residents of the Republic of Uzbekistan.

Shares with nominal value 1154 sum in the amount of 37,729,606,482 sums have been issued cashless, 31,579,649 shares have been issued simple and 1,114,984 preferential nominal shares are in free circulation.

Table 2.2.3

Accounting statements (in thousand sums)[28]

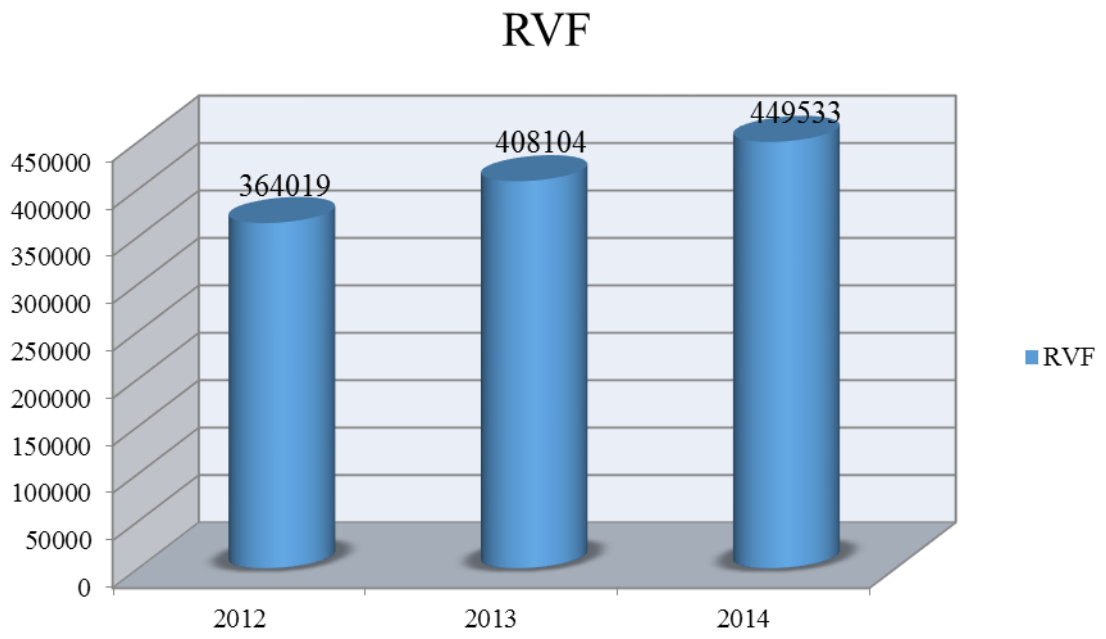
Indexes	As of December 31, 2013	As of December 31, 2014
Assets		
Residual (book) value of fixed assets	408 104 416	449 533 271
Residual (book) value of intangible assets	1 549 454	1 631 037
Long-term investments	103 058 325	107 693 839
Inventory	75 630 434 8	85 441 908
Monetary assets	19 763 511	44 260 347
Accounts receivable	83 229 631	121 692 563
Other assets	121 585 133	270 100 003
TOTAL ASSETS	**812 920 904**	**1 080 352 968**
Liabilities		
Equity	335 978 523	474 179 374
Long-term liabilities	372 366 772	374 173 070
Current liabilities	104 575 609	232 000 524
TOTAL LIABILITIES	**812 920 904**	**1 080 352 968**

The table shows us the accounting statements of “Uzbektelecom” JSC. And in this table we can see the assets and liabilities of the company in 2013 and 2014. You can see the types of assets and liabilities of telecommunication organizations. And in this table assets and liabilities have been compared between two years. You can see that the residual value of fixed assets is 408140116 in 2013 and 449533271 in 2014. This shows us that RVFA has raised a bit. Like these Residual (book) value of intangible assets and long-term investments are also increased a bit.

But other types of assets have increased incredible, such as monetary assets 44260347accounts receivable 121692563and other assets 270100003.

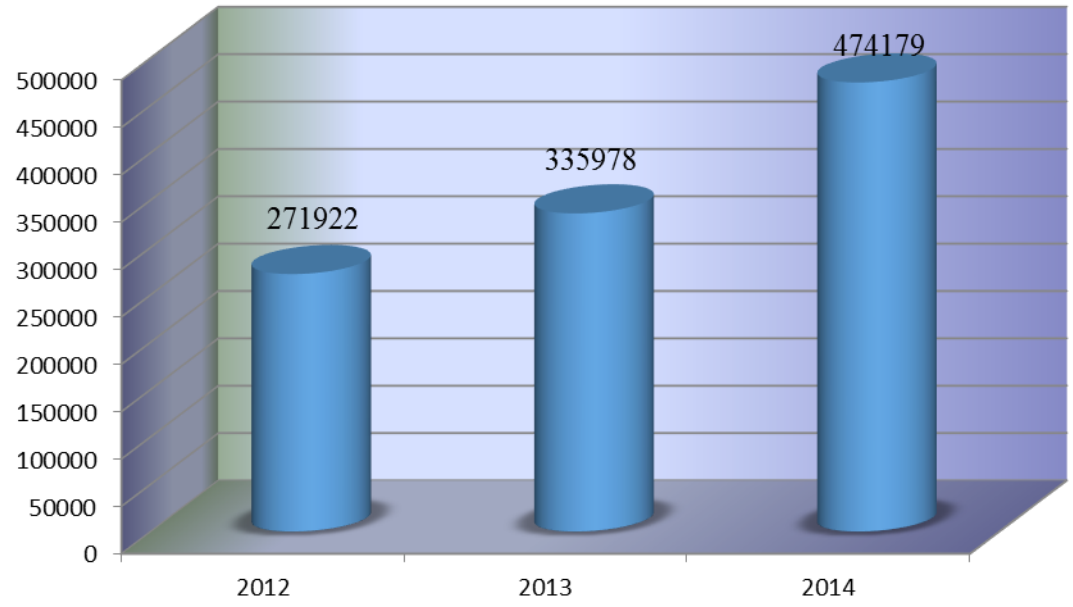
Like this comparing liabilities are also have increased regularly. Especially current liabilities has raised incredible in comparing, about 2.5

[28] Annual report of “Uzbektelecom” JSC for 2013-2014 years



Picture 2.2.3.Residual (book) value of fixed assets[29]

In this picture there is given residual(book) value of fixed assets with the comparing between two years. According to this diagram the residual value of assets has increased for 41428855 th.sums. and this indicator is not bad for communication organization



Picture 2.2.4.Equity[30]

The diagram shows us the amount of equity. In this diagram the amount of equity compared among three years, as 2012, 2013 and 2014. By showing this

[29]Picture was made by author based on Annual report of "Uzbektelecom" JSC for 2013-2014 years
[30] The diagram was made by author based on Annual report of "Uzbektelecom" JSC for 2013-2014 years

diagram you may know that the equity in 2014 has decreased more quickly than equity in 2013. This sensitivity result is not good for the company. Because equity is belong to our liabilities

3.THE METHODS OF DECREASING ACCOUNTS RECEIVABLE AND INCREASING LIQUIDITY LEVEL IN TELECOMMUNICATION ORGANIZATIONS

3.1. Developing the methods of decreasing accounts receivable

Now I want to talk about such things that you should be doing right now to reduce accounts receivables. They are:

Create a Plan. The first step toward improving credit and collections is to develop a formalized policy and plan covering rules, regulations, and procedures to manage daily operations, approval workflow, and resources. The goal for AR plan is to clearly define these elements so that employees conform to documented steps and procedures designed to improve all related business processes. The Credit Research Foundation estimates that only 20% of credit departments have formalized policies. Many companies struggle to formalize policies due to ad-hoc credit management from salespeople, lack of critical financial information, or simply due to time constraints and higher priority projects. AR plan should have a dramatic impact on the overall financial health of your business. It provides a documented roadmap that aligns corporate goals with business procedures. The AR plan should help your organization accomplish many goals including reduction in bad debt and write-offs as well as improvements in sales to cash payment cycles and improved profitability. The plan should include a mission statement or well-defined company goal. It should also identify all employee roles and systems in the organization that are directly or indirectly related to the credit and collections process.

Provide Accurate & Timely Information .Accurate and timely information is important not only for internal credit and collection professionals but also for customers. Credit professionals need information to help prioritize activities, to provide information to customers, and to back-up critical decisions and conversations. For example, a credit manager should be able to easily see payment history for a customer when determining whether or notto increase credit

limits. A collections representative should be able to quickly see late invoices and recent payments in order to determine the status of each account in their collections queue.

Customers need timely and accurate invoice and statement information as well. Some studies indicate that most customers do not intend to pay late. However, internal issues result in late delivery of invoices or incorrect charges that result in lengthy invoice disputes. Credit departments can address these issues by improving sales order and invoice accuracy and automating invoice delivery to get invoices to customers faster. Implementing a receivables document management (RDM) system or document management solution may help this process if the system can be setup to automatically send statements, invoices, or other documents to customers via email or fax. Further an integrated document management solution will provide credit and collection managers with access to original documents that can be reviewed and sent to customers on request.

Develop KPIs .Key performance indicators (KPIs) are useful for developing credit and collection plans. But how do you develop KPIs and which ones will be the best measurement of your progress in improving business processes? The first step toward developing KPIs is to analyze your existing customer accounts and accounts receivable data. This historic information will help you see which areas should be targeted for improvement. It is often helpful to involve many members of the team) and to look at many years ofhistorical data to get other perspectives and to identify trends. For example, a collection manager may have great ideas on how to improve business processes and historical data may show an increase or decrease in particular areas of the business to help identify which areas to target for improvement.

Some popular KPIs that are prevalent among most credit departments are:

- ✓ Reduction in average days to pay
- ✓ Reduction in average outstanding receivables
- ✓ Reduction in bad debt / write-offs Reduction in days sales outstanding (DSO)

Many companies focus on other target KPIs once these more common targets have been optimized.

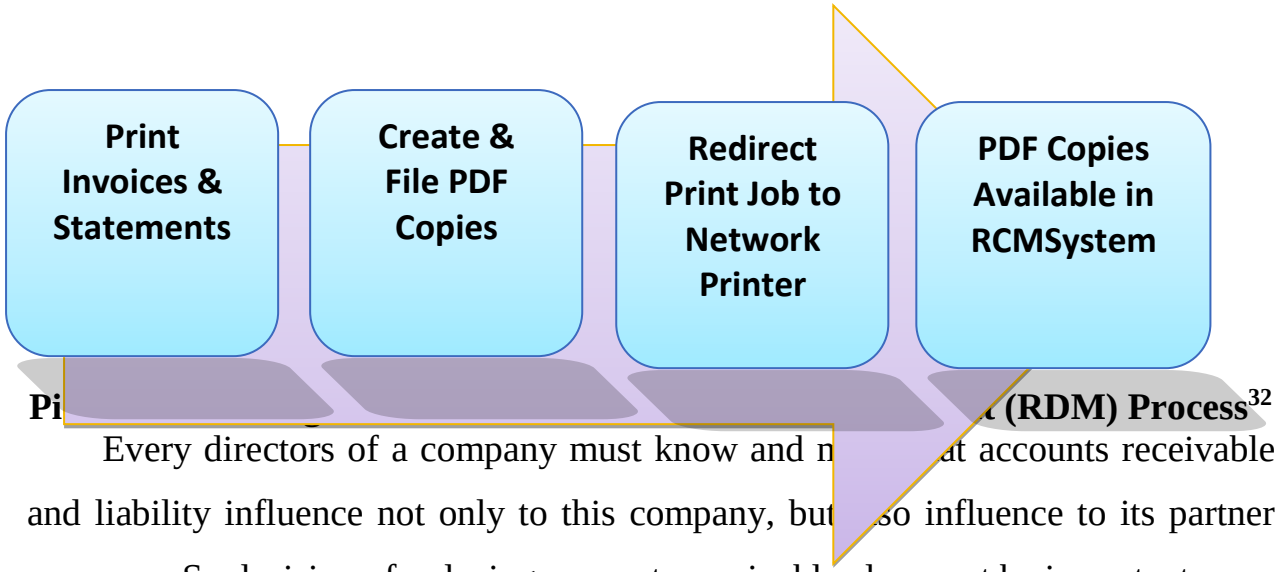
Standardize Messaging. One of the easiest things that credit departments can do to improve business processes is to standardize outbound messaging. This can be accomplished through development of call scripts, template credit and collection letters, and documented corporate answers to common customer questions. There are many different sources for call scripts and document templates. Microsoft is a popular resource since they provide many different credit and collection templates for Word. Using mail merge templates with accounting data personalizes customer communications ensuring that corporate messaging is consistent across the credit department. Some CCM applications include sample templates that integrate seamlessly with accounts receivableinformation and may be used to create mail merge documents that can be sent manually orautomatically to multiple account contacts.61% of late payments are due to compliance or administrative problems such as incorrect invoices or receiving the invoice too late to process payment on established credit terms[31]

Score Customers Using Cost of Credit. Scoring customers is important because it helps managers focus on accounts that need more attention and can have a direct and immediate impact on reducing receivables.. Some companies look simply for the account with the oldest aging while others use more common calculations like Days Sales Outstanding (DSO) to determine which accounts to call first. Newer methods like Cost of Credit (COC) provide additional insight into accounts based on their financial cost to the organization. Cost of Credit scoring utilizes an annual percentage rate to calculate the cost of extended credit for each invoice and summarizes the total by account. This scoring method is much more effective when determining which accounts to call first, whether the account should be escalated to a senior manager, or how often to call on the account.

Automate Business Processes .Credit professionals spend a lot of time with manual processes that should be automated or simplified to the point where they

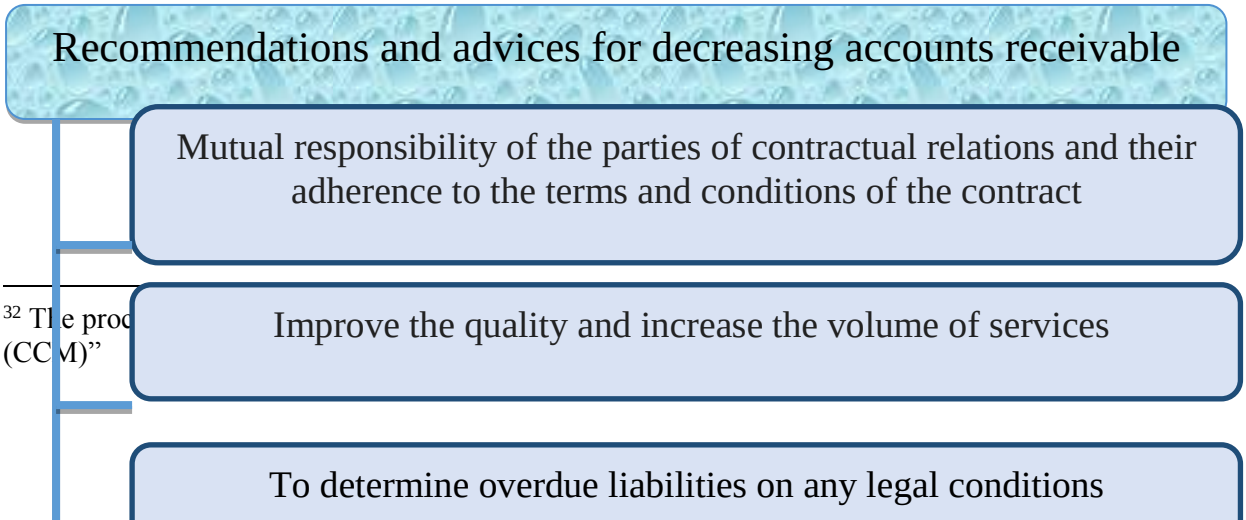
[31]Source: CRF - Credit Research Foundation.third edition 2011

are much easier to manage. Some tasks that can be automated include reprinting of invoices and statements, invoice and statement delivery, due date reminders, and past due collections communications. The first step toward automating the process begins with invoices and statements. One of the most common excuses credit professionals hear for non-payment is that they never received the invoice in the first place. The credit manager then has to reprint invoices and deliver them to the contact via fax or email. This is very time-consuming and a task that could easily be eliminated if the invoices and statements were already available in an electronic format. Further, some companies do not allow collection representatives full access to the accounting system to reprint invoices. This can cause additional payment delays as the documents are requested from the accounting department.



Pi t (RDM) Process[32]

Every directors of a company must know and n t accounts receivable and liability influence not only to this company, but lso influence to its partner company. So decision of reducing accounts receivable also must be important.



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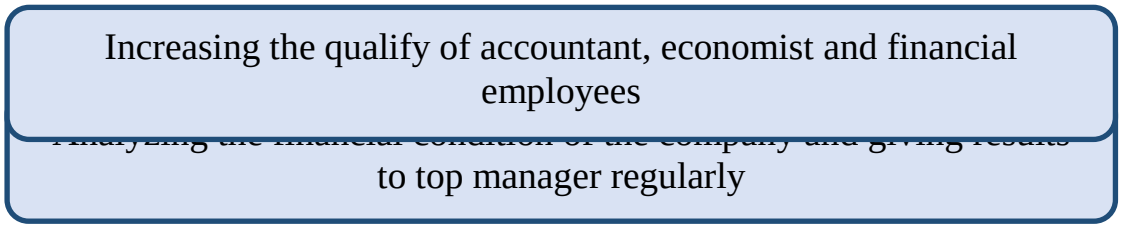

Picture 3.1.2 Recommendations and advices for reducing accounts receivable[33]

Today, many enterprises goes to pay for the costs of bank debt interest expense. Due to this, the company turnover to the greatest extent possible and to increase the share of the funds earmarked for the end of all funds to cover the expense of its turnover. Only paid to the bank.

The rapidly changing production technology, science and technology to accelerate the development of basic tools to quickly update monetary. This will require the use of agile methods to calculate depreciation amount.

To improve the financial situation attracted funds from abroad, including bank loans also played a role. The financial structure of the potential decrease in the share of attracted funds from abroad. Bank loans as high as possible of the current environment, every organization is desirable to use less. Is stabilized, production or service operations in a normalized when bank financing can give better results. As a result, the financial condition the use of bank loans for the time, and requires a deep knowledge of its size.

And the human factor in the management of the production has been started in the second half of the nineteenth century. Increased competition between the increase in the number of enterprises and the process accelerated. At the same time the twentieth century, industrial automation and process management. At present, production and management process with intensity, if you will, but do not lose the

[33] The chart was made by author based on NACM – National Association of Credit Management.

importance of the human factor. A particularly important role in the people management process, because expert systems under any circumstances can’t make decisions, so they offered the most reasonable alternatives are not that.

Increased integration between the countries in the development of the market economy led to an increase in the intensity of competition in the market. As a result, the company's employees and companies to increase labor productivity and the quality of new scientific theories to apply in practice. The goal experimental observations were underway. As a result, the employees of the enterprise to improve productivity and the quality of the new methods. This method is recruitment and improving the activity of employees.

The recruitment of a person's experience, skills, knowledge, and other indicators of the nature influence to work. There are a wide range of tasks related to the effective implementation of this task by staff of the above indicators. Company has extensive experience in the performance of their tasks which previously required knowledge of other important functions of the nature of the employee. The following classification of people according to the nature of their divisions. Company employees and their place of business leadership requires the art of management.

Enterprises to reduce debt and accounts payable are different according to the characteristics of existing tasks. Therefore, the enterprises to reduce debt and accounts payable arising from the duties of staff will be asked to choose a number of indicators. The selection of the personnel working with the companies accounts receivable and accounts payable should pay attention to the following indicators:

1) The level of knowledge and experience. Employee knowledge and experience in reducing accounts receivable and creditors debt the traditional method of foreign methods. Senior management to provide new proposals to reduce accounts receivable;

2) To take into account the nature of the staff. One of the main features of the accounts that, in accordance with the process of reducing them to work with the external environment. At the same time all the staff working with the external

environment. Therefore, the function of people with treatment access, often desirable choice for people help to make friends. These above-mentioned human belongs. But it is not just a characteristic of human mixed. Therefore nature allows people to choose the best efficient. Sangvinic people have good behavior than nervous people solid acting job. Can be difficult to choose one of these people, but these people can choose from among the staff.

Receivables and consumer segments of the characteristics of the enterprises from the company's accounts receivable and accounts payable staff began dealing with the specific purpose. Receivables to reduce the performance of the personnel involved in special need to perform the following tasks:

1) the personnel engaged in the management of accounts receivable two groups specific, that is, one worker caused by public sector enterprises and agricultural enterprises may be tasked with the responsibility to deal with the debt payable. Of the population and accounts payable function to deal with the debt of companies will need another worker;

2) the company to pay some types of taxes, the taxes paid by the scheme, financed from the state budget and agricultural enterprises accounts payable, accounts receivable of enterprises dealing with the debt should be the responsibility of the employee. Economic role to deal with the debts of companies, companies engaged in payables is desirable to be assigned to the worker;

3) In addition to dealing with salaries, accounts can pay an additional fee for decreasing depending on the debt;

4) This process is one of the most important elements in the implementation of these employees, which is not associated with their activities should be assigned to the tasks.

Debtor and creditor debts of enterprises engaged in the recruitment of enterprises and their activities as a result of the improvement achieved the following:

- ✓ the two groups of employees involved in labor productivity increases;

- ✓ receivable and accounts payable in reducing a variety of traditional and foreign methods can be applied effectively;
- ✓ to reduce accounts receivable increases the interest of the workers;

Communications concluded the implementation of the scheme of payments for the services which are effective, ie taxes with the budget through a scheme under which money can be distributed so rational. As a result of this process, the budget is reduced accounts receivable;

A group of employees in the direction of the external environment increases with training and experience;

Businesses, accounts receivable and accounts payable management through the application of this process leads to the desired goal and improve the process.

3.2 Improving the activity of telecommunication organizations by providing balanced liquidity

The liquidity is important in company performance and might influence on its profitability. The main goal of this paper was to recognize the liquidity impact on profitability in IT companies. The paper consists of two sections. First part encloses the research expectations, while second section is related to empirical hypothesis verifications. The empirical results provide the basis to conclude about the existence of liquidity impact on profitability in IT companies. The liquidity is essential for company existence. It principally has an effect on financial costs reduction or growth, changes in the sales dynamic, as well as it influences on company risk level.

The decisive significance of liquidity means that it is important for company development and at the same is one of the fundamental endogenous factors which are responsible for company market position. The significance of liquidity to company performance might lead to the conclusion that it determines the profitability level of company. This issue was the subject of many theoretical and empirical studies which were conducted, among others, by Smith , ShinandSoenen , Deloof , Eljelly , Lazaridis and Tryfonidis , Padachi , Gill, Biger and Mathur , Attari and Raza , Baňos-Caballero, GarcĭaTeruel and Martĭnez-

Solano , Owolabi and Obida . Hence, it should be emphasized that although a number of studies, the nature of liquidity impact on profitability is still not entirely recognized. The issue of liquidity importance for the performance of polish companies is considered in many studies. For example A. Zygmunt investigated the level of liquidity in polish companies from the sector of light industry , whereas A. Zygmunt and Szewczyk studied the liquidity level in mining and quarrying polish companies , as well as in metal goods producers . Furthermore, Szewczyk regarded the liquidity level in low technology manufacturing industry and J. Zygmunt described liquidity level in polish metals companies. It should be stressed though, that the issue of possible relationship between liquidity and profitability in polish companies has not been broadly explored yet. The sparse studies related to the issue in question were done, among others, by Michalski ,Guzik , Bolek and Wiliński . Moreover, not much attention was paid to observe the liquidity – profitability issue in IT companies.

Thus, the principal goal of this paper is to identify the existence of liquidity influence on profitability in IT companies. The paper structure is as follows: part I regards the discussion over research expectations concerning the liquidity impact on profitability, whereas part II contains the empirical verification of expectations in question.

Research expectations. Both theoretical and empirical studies provide arguments that the liquidity might impact on company profitability. Chamberlain and Gordon maintain that company decisions concerning liquidity considerably determine company achievements. This opinion was followed, among others by Jose, Lancaster and Stevens . They argue that liquidity management is fundamental first of all for growing companies. The above mentioned observation was proved also by Shin and Soenen, Raheman and Nasr who confirmed that company profitability might be increased through improved management of working capital.

Moreover, Eljelly states that the management in question might lead to the reduction of risk level connected with short term payments. The nature of liquidity – profitability relationship might be different. The results of most studies

enable to conclude that the impact of liquidity on company profitability might be negative. This statement was verified for instance by Deloof who used cash conversion period to study the impact of liquidity on profitability while Samiloglu and Demirgunes employed account receivable conversion period, inventory conversion period and cash conversion period to confirm that the relationship between liquidity and profitability is negative. This conclusion was also regarded among others, by Zariyawati, Annuar, Taufiq and Rahim. On the other hand Padachi claims that the liquidity influence on company profitability is positive. It should be also emphasis that some researchers argue that relationship between liquidity and profitability might be both positive and negative. For instance according to Narware who used inter alia account receivable conversion period, inventory conversion period, accounts payables conversion period, cash conversion period and current ratio to investigate the liquidity impact on company profitability, the nature of relationship in question is different, depending on liquidity variables.

The research expectations concerning liquidity influence on profitability in IT companies are described as follows:

The level of current ratio expresses company ability to pay debts in short time. It is important to remain current ratio on certain level which means that the company is able to pay current debts without delay. Therefore, the company should assure the current assets level on higher level than current debts. It might be anticipated than, that current ratio decrease entails profitability decrease. Nevertheless, it should be emphasis that very high level of current ratio signifies the over liquidity which with relatively high probability effects the profitability decrease. This statement is in accordance to the observation of Eljelly who claims that the relationship between liquidity (measured as current ratio) and profitability is negative. Then, because of research expectations ambivalence, in research process there is expected to observe the empirical nature of relationship between current ratio and profitability in IT companies.

The amount of current assets decreased of inventory might determines the company ability to pay quickly current debts. The possible influence of the level of assets in question in relation to current debts on company profitability is similar as described above. Accordingly, in research process it is expected to observe the empirical nature of relationship between quick ratio and profitability in IT companies.

Profitability might be dependent on company activities connected to inventories and receivables. High level of inventories and receivables might signifies the company cash constraints. On the other hand, more profitable company might afford to have relatively high level of inventories and receivables. Therefore, it is expected that together with the growth of receivable conversion period and inventory conversion period, the profitability increases.

According to Deloof less profitable companies wait longer to pay their debts . It might be concluded then, that the relationship between liquidity and profitability in IT companies is negative. The dependence between liquidity measured as cash conversion period and profitability might be different. For example Gill, Biger and Mathur proved that the alongside the cash conversion period growth, the company profitability increases. On the other hand, Shin and Soenen argue that together with the increase of cash conversion period, the profitability diminishes. However, Baňos-Caballero, GarcĭaTeruel and Martĭnez-Solano who use cash conversion period as the proxy to measure working capital claim that ”the relation between working capital and profitability is positive when firms hold low levels of working capital and becomes negative for higher levels of working capital”. Therefore, in research process it is anticipated to observe the dependence direction of relationship between cash conversion period and profitability in IT companies.

Empirical results. The empirical researches concerning the liquidity impact on profitability in polish IT listed companies were conducted on those companies in question which were continuously quoted on Warsaw Stock Exchange in period 2003-2011. The research sample includes all of the companies which accomplished the foregoing condition and contains the following companies: Asseco Poland

S.A., CD Project S.A., Comarch S.A., Calatrava Capital S.A., Zakłady Urządzeń Komputerowych Elzab S.A., Macrologic S.A., Sygnity S.A., Simple S.A., Talex S.A., Wasco S.A.

The data sources were the financial statements of the companies which were the subject of research. The research period was 2003-2011.The research methods used to identify and describe the relationship between liquidity and profitability in IT companies were in accordance to the methods used by e.g. Deloof , Eljelly , Lazaridis and Tryfonidis , Shin and Soenen . Therefore, the Pearson correlation coefficient was employed to describe the dependence between liquidity and profitability in IT companies. The identification of the connections between variables was done by the usage of linear regression models described as follows:

$$Y=\alpha_0+\alpha_1 x_1+ \varepsilon$$

where:

Y – dependent variable,

α_0 – correlation coefficient variable Y in relation to variable X,

α_1 – intercept,

x – independent variable,

ε – error term.

The estimations of models parameters were conducted by the usage of ordinary least squares method. Dependent variable represents the level of the profitability in IT companies. The studies over the previous research concerning relationship between liquidity and profitability provide the conclusion that usually the company profitability is represented by one variable. For example Deloof proposes to employ gross operating income in researches in question. The same measure of profitability is used for example by Baňos-Caballero, Garcĭa-Teruel and Martĭnez-Solano, Gill, Biger and Mathur .

However, it should be underline that the complexity of profitability might entail the necessity to use several measures to describe company profitability. In this field, for instance Attari and Raza argue to use such proxies to measure profitability as return on assets, as well as return on equity, whereas

Owolabi and Obida suggest to use additionally return of investment ratio to describe the company profitability.

Hence, in the research over the liquidity – profitability relationship in IT companies the proxies to measure profitability were: return on assets and return on equity. Since the sales scale is one of the indication of company profitability, the return on sale ratio was used also as one of the profitability proxies. Therefore, the dependent variables were determined as follows:

Y1 – return on assets (ratio between financial result and total assets),

Y2 – return on equity (ratio between financial result and equity),

Y3 – return on sales (ratio between financial result and net sales).

Preliminary tests indicated that there is no evidence of strong random dependence a between dependent variables. Hence, the final group of dependent variables consists of Y1, Y2 and Y3.

To measure liquidity many proxies might be used. For instance Deloof applies receivable conversion period, inventory conversion period, accounts payables conversion period, as well as cash conversion period as the measures of company liquidity . The same measures of liquidity were employed in many other studies done, among others, by Gill, Biger and Mathur ,Lazaridis and Tryfonidis . On the other hand Eljelly suggests to use current ratio as the proxy to measure liquidity . Hence, to describe the liquidity level in IT companies, various variables were used. They were coherent to the variables used in previous studies. The quick liquidity ratio was enclosed to allow for company abilities to pay debts in short period.

The main goal of this paper was to identify the existence of liquidity impact on profitability in IT companies. The empirical studies proved that together with the growth of accounts payables conversion period, receivable conversion period, as well as inventory conversion period, the profitability of IT companies increases. The influence of liquidity on profitability was in some cases delayed. According to research expectations, the dependence direction between receivable conversion period and profitability is positive. At the same time, it should be noticed that the

empirical results confirmed the expectations about the occurrence of positive relationship between inventory conversion period and profitability of IT companies. The empirical results provide also the conclusion that the profitability can be increased alongside the growth of number of accounts payables days. It should be emphasized that the dependence direction between accounts payables conversion period and profitability is positive and consistent with the research expectations.

The empirical research over the liquidity impact on profitability in IT companies proved the existence of statistically significant relationship between liquidity and profitability. It should be stressed that further studies should consider the existence of trade-off between liquidity and profitability in IT companies. Because liquidity might be described also by cash flow indicators, there is necessity to research liquidity-profitability relation on the ground of these indicators. It seems also important to employ panel data method to verify the results achieved.

4. SAFETY OF VITAL ACTIVITY AND ECOLOGY

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.

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 200. Horizontal viewing angle of the screen should not exceed 600. 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/m2 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 Fire safety

Fire safety refers to precautions that are taken to prevent or reduce the likelihood of a fire that may result in death, injury, or property damage, alert those in a structure to the presence of an uncontrolled fire in the event one occurs, better enable those threatened by a fire to survive in and evacuate from affected areas, or to reduce the damage caused by a fire. Fire safety measures include those that are planned during the construction of a building or implemented in structures that are already standing, and those that are taught to occupants of the building. Threats to fire safety are referred to as fire hazards. A fire hazard may include a situation that increases the likelihood a fire may start or may impede escape in the event a fire occurs. Fire safety is often a component of building safety. Those who inspect

buildings for violations of the Fire Code and go into schools to educate children on Fire Safety topics are fire department members known as fire prevention officers. The Chief Fire Prevention Officer or Chief of Fire Prevention will normally train newcomers to the Fire Prevention Division and may also conduct inspections or make presentations.

Key elements of a fire safety policy:

Building a facility in accordance with the version of the local building code

Maintaining a facility and conducting yourself in accordance with the provisions of the fire code. This is based on the occupants and operators of the building being aware of the applicable regulations and advice.

Examples of these include:

– Not exceeding the maximum occupancy within any part of the building.

– Maintaining proper fire exits and proper exit signage (e.g., exit signs pointing to them that can function in a power failure)

– Compliance with electrical codes to prevent overheating and ignition from electrical faults or problems such as poor wire insulation or overloading wiring, conductors, or other fixtures with more electric current than they are rated for.

– Placing and maintaining the correct type of fire extinguishers in easily accessible places.

– Properly storing and using, hazardous materials that may be needed inside the building for storage or operational requirements (such as solvents in spray booths).

– Prohibiting flammable materials in certain areas of the facility.

– Periodically inspecting buildings for violations, issuing Orders To Comply and, potentially, prosecuting or closing buildings that are not in compliance, until the deficiencies are corrected or condemning it in extreme cases.

– Maintaining fire alarm systems for detection and warning of fire.

– Obtaining and maintaining a complete inventory of firestops.

– Ensuring that spray fireproofing remains undamaged.

– Maintaining a high level of training and awareness of occupants and users of the building to avoid obvious mistakes, such as the propping open of fire doors.

– Conduct fire drills at regular intervals throughout the year.

Common fire hazards:

Some common fire hazards are:

✓ Kitchen fires from unattended cooking, such as frying, broiling, and simmering

✓ Electrical systems that are overloaded, resulting in hot wiring or connections, or failed components

✓ Combustible storage areas with insufficient protection

✓ Combustibles near equipment that generates heat, flame, or sparks

✓ Candles and other open flames

✓ Smoking (Cigarettes, cigars, pipes, lighters, etc.)

✓ Equipment that generates heat and utilizes combustible materials

✓ Flammable liquids and aerosols

✓ Flammable solvents (and rags soaked with solvent) placed in enclosed trash cans

✓ Fireplace chimneys not properly or regularly cleaned

✓ Cooking appliances - stoves, ovens

✓ Heating appliances - fireplaces, wood burning stoves, furnaces, boilers, portable heaters

✓ Household appliances - clothes dryers, curling irons, hair dryers, refrigerators, freezers

✓ Chimneys that concentrate creosote

✓ Electrical wiring in poor condition

✓ Batteries

✓ Personal ignition sources - matches, lighters

✓ Electronic and electrical equipment

✓ Exterior cooking equipment - barbecue

Fire code:

In America, the Fire code (also Fire prevention code or Fire safety code) is a model code adopted by the state or local jurisdiction and enforced by fire prevention officers within municipal fire departments. It is a set of rules prescribing minimum requirements to prevent fire and explosion hazards arising from storage, handling, or use of dangerous materials, or from other specific hazardous conditions. It complements the building code. The fire code is aimed primarily at preventing fires, ensuring that necessary training and equipment will be on hand, and that the original design basis of the building, including the basic plan set out by the architect, is not compromised. The fire code also addresses inspection and maintenance requirements of various fire protection equipment in order to maintain optimal active fire protection and passive fire protection measures. A typical fire safety code includes administrative sections about the rule-making and enforcement process, and substantive sections dealing with fire suppression equipment, particular hazards such as containers and transportation for combustible materials, and specific rules for hazardous occupancies, industrial processes, and exhibitions. Sections may establish the requirements for obtaining permits and specific precautions required to remain in compliance with a permit. For example, a fireworks exhibition may require an application to be filed by a licensed pyrotechnician, providing the information necessary for the issuing authority to determine whether safety requirements can be met. Once a permit is issued, the same authority (or another delegated authority) may inspect the site and monitor safety during the exhibition, with the power to halt operations, when unapproved practices are seen or when unforeseen hazards arise.

List of some typical fire and explosion issues in a fire code:

1. fireworks, explosives, mortars and cannons, model rockets (licenses for manufacture, storage, transportation, sale, use)

2. certification for servicing, placement, and inspecting fire extinguishing equipment

3. general storage and handling of flammable liquids, solids, gases (tanks, personnel training, markings, equipment)

4. limitations on locations and quantities of flammables (e.g., 10 liters of gasoline inside a residential dwelling)

5. specific uses and specific flammables (e.g., dry cleaning, gasoline distribution, explosive dusts, pesticides, space heaters, plastics manufacturing)

6. permits and limitations in various building occupancies (assembly hall, hospital, school, theater, elderly care, child care, prs that require a smoke detector, sprinkler system, fire extinguisher, or other specific equipment or procedures

7. removal of interior and exterior obstructions to emergency exits or firefighters and removal of hazardous materials

8. permits and limitations in special outdoor applications (tents, asphalt kettles, bonfires, etc.)

9. other hazards (flammable decorations, welding, smoking, bulk matches, tire yards)

Electrical safety codes such as the National Electrical Code (by the National Fire Protection Association) for the U.S. and some other places in the Americas Fuel gas code

4.3. Technogenic pollution

This chapter is devoted to the ecosphere and anthropogenic pollution of the human environment. Anthropogenic pollution is the most obvious and quick negative causal relationship in the ecosphere system "economy, production, technology, the environment." It makes a significant part of the environmental capacity of the technosphere and leads to the degradation of ecosystems, global climate and geochemical changes to the affected individuals. On the prevention of pollution of nature and the human environment focused the main efforts of Applied Ecology.

Classification of technological impacts caused by pollution, includes the

following main categories:

1. Material and energy characteristics of influences: mechanical, physical (thermal, electromagnetic, radiation, acoustic), chemical, biological factors and agents, and their various combinations. In most cases these agents act as emission (i.e. emission - emissions, effluents, radiation, etc.) various technical sources.

2. Quantitative characteristics of exposure: the strength and severity (intensity factors and the effects of mass concentration, the characteristics of the "dose - effect", the toxicity, the admissibility of environmental and health and safety standards); spatial extent, distribution (local, regional, global).

3. The timing and differences in the nature of the effects of impact: short-term and long-term, persistent and non-persistent, direct and indirect, have expressed or hidden trace effects, reversible and irreversible, actual and potential; The threshold effect.

4. Categories of objects impact: different living recipient (ie the ability to perceive and respond) - people, animals, plants; components of the environment (Wednesday settlements and buildings, landscapes, land surface, soil, water, air, near-Earth space); products and facilities.

Within each of these categories the possibility of determining the ranking of the ecological significance of factors and characteristics of objects. In general, the nature and scale of the actual effects of the most important chemical pollution, and the biggest potential threat associated with radiation. As for the impact of objects, in the first place, of course, is a man. Recently, a particular danger is not only the growth of pollution, but their cumulative effect is often greater than the effect on the final consequences of a simple summation.

Contamination of the environment relates to the unintended, though obvious, easy to consciously understood environmental violations. They come to the fore, not only because many of them are significant, but also because they are difficult to control and fraught with unforeseeable effects. Some of them, such as man-made CO_2 emissions or thermal pollution, essentially unavoidable as there is fuel energy.

Quantitative evaluation of global pollution. Chemisation technosphere reached so far on such a scale, which significantly affect the appearance of the geochemical entire ecosphere. Total weight of manufactured products and reactive waste throughout the chemical industry of the world (with the attendant production) exceeded 1.5 Gt / year. Almost all of this amount can be attributed to pollutants. But it is not only in the mass, but also in the number, diversity and plurality produced substance. In the world of chemical nomenclature listed more than 107 chemical compounds; their number increases every year a few thousand. However, the vast majority of produced and used substances are evaluated in terms of their toxicity and environmental hazard.

The sources of man-made emissions are divided into organized and unorganized, stationary and mobile. Organized sources equipped with special devices for directional emission output (pipes, ventilation shafts, drainage canals and gutters, etc.);

emissions from fugitive sources are arbitrary. Sources also differ in the geometric characteristics (point, linear, areal) and operating mode - continuous, periodic, volley.

CONCLUSION

In this final work we have learnt the influence of accounts receivable on liquidity of telecommunication organizations. And we've identified that if amount of accounts receivable increase the liquidity is not change much. But monetary assets reduce automatically. Accounts receivable are amounts a company has a right to collect because it sold goods or services on credit to a customer. Accounts payable are liabilities. Accounts receivable are assets. An account receivable is documented through an invoice, which you are responsible for issuing to the customer through a billing procedure. The invoice describes the goods or services you have sold to the customer, the amount it owes you (including sales taxes and freight charges), and when it is supposed to pay you.

In many telecommunication organizations the accounts receivable is main part of assets. Because no company is not able to run business without accounts receivable. And telecommunication organizations also can't work without it. The organization give consumers its services and from this service company takes profit. The users and abonents use services that given from organization and pay for them. Actually

If you are operating under the cash basis of accounting, you only record transactions in your accounting records (which are then compiled into the financial statements) when cash is either paid or received. Since issuing an invoice does not involve any change in cash, there is no record of accounts receivable in your accounting records. Only when the customer pays you do you record a sale.

If you are operating under the more widely-used accrual basis of accounting, you record transactions irrespective of any changes in cash. This is the system under which you record an account receivable. In addition, there is a risk that the customer will not pay you. If so, you can either charge these losses to expense when they occur (known as the direct write-off method) or you can anticipate the amount of such losses and charge an estimated amount to expense (known as the allowance method). The later method is preferred, because you are matching revenues with bad debt expenses in the same period.

Liquidity is the notion of liquidity in the economic literature relates to the ability of an economicagent to exchange his or her existing wealth for goods and services or for other assets. In this definition, two issues should be noted. First, liquidity can be understood in terms of flows (as opposed to stocks), in other words, it is a flow concept. In our framework, liquidity will refer to the unhindered flows among theagents of the financial system, with a particular focus on the flows among the telecommunication organizations, commercial banks and markets.

Second, liquidity refers to the ability of realizing these flows. Inability of doing so would render the financial entity illiquid.

As will become obvious upper, this ability can be hindered because of asymmetries in information and the existence of incomplete markets. The liquidity of “Uzbektelecom” JSC is high, but in comparing with upper information the capital of the company is not being used efficiently, such as current liquidity ratio.

Liquidity risk is the risk that relates to the probability of having a realization of a random variable different to the realization preferred by the economic agent15. In our context the economic agent would have a preference over liquidity. In that sense, the probability of not being liquid would suggest that there is liquidity risk. The higher the probability, the higher the liquidity risk. When the probability equals unity (i.e. the possibility becomes a certainty) liquidity risk reaches a maximum and illiquidity materials. In that sense, there is a inverse relationship between (il)liquidity and liquidity risk, given that the higher the liquidity risk, the higher the probability of becoming illiquid, and therefore, the lower the liquidity.

In this section we argue that the three distinct types of liquidity are intensivelyinterconnected. To validate this claim, we analyze linkages among them based on two alternative scenarios. The first is under normal periods and the second underturbulent periods. Normal periods refer to periods of low liquidity risk. In suchperiods the system a virtuous circle would be established between the three liquiditytypes, fostering stability of the system. The turbulent periods would refer to periodsof high liquidity risk. In such periods the linkages between the three liquidity typeswould remain strong, however, they would prompt a vicious circle

among the threeliquidity types which could ultimately destabilize the financial system. We describe the liquidity linkages under these two scenarios in an attempt to analyze the cause of liquidity risk, bring forward the mechanisms and transmission channels among the different liquidity types and discuss the role of central bank liquidity in such situations.

As an example of how to properly examine liquidity ratios, we will use the financial statement data for “Uzbektelecom” JSC found in 2014 year’s fundamental research database. While you can access financial statements directly on company websites two years of balance sheets at its site. For our purpose of examining trends in liquidity ratios, we need several years of financial statements in order to gather all the data. And since Uzbektelecom contains yearly balance sheet figures going back three years, our task is made much easier if we use the data offered there rather than downloading several years of reports from another source.

As stated earlier, liquidity ratios measure a company’s ability to pay off its short-term debt using assets that can be easily liquidated. In this case, the current ratio measures a company’s current assets against its current liabilities. Generally, higher numbers are better, implying that the firm has a higher amount of current assets when compared to current liabilities and should easily be able to pay off its short-term debt. As shown in Table 2.2.2, the company’s 2014 current assets are 383 503 523 thous.sums and its 2014 current liabilities are 104 575 609 thous. sums. Plugging these numbers into our formula gives us a current ratio of 3.67.

Firstly if we interpret this table we may see the profits of Uzbektelecom has increased more than the expenses of Uzbektelecom. Such as the table shows us in 2013, the profit is 1 152 422 5941 thous.sums and in 2014 it shows 1 323 356 183. The reason is that: Net proceeds from sales of products (goods, works, services), gross profit (loss) from sales and other operating incomes are regularly raised .Profit (loss) from general activity has raised about double. But Profit (loss) from Income from financial and operations operating activity has decreased.

And secondly we interpret expenses. Expanses are also have increased in 2014 than in 2013. But expenses from financial operation (57 241 184)and taxes on income(7 468 114) has decreased a bit. Accounting for these the expenses has increased bitter than the profits.

And also must create new systems in the process of paying of accounts receivable.

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