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## **ISSUES OF THE FORMATION AND USE OF FINANCIAL RESOURCES OF ENTERPRISES AS A KEY FACTOR IN INCREASING FINANCIAL POTENTIAL**

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**Abstract.** The article discusses the sources of the formation and use of financial resources of business entities and the main directions of ways to improve the formation and use of financial resources of business entities in modern conditions.

**Keywords:** business entities, purposeful business development, financial resources, balance sheet assets and liabilities, equity capital, borrowed capital, retained earnings, working capital and others.

**Introduction.** In modern conditions of market relations, there arises an objective need for a high-quality organization of the formation and use of financial resources of business entities, and also helps to prevent erroneous actions in the course of business, and also minimizes the number of unavailable.

In a pandemic, the current approach to the development of the economy of Uzbekistan, including the financial sphere, is determined by a gradual and sequential transition from gross access to quality indicators. In this regard, ensuring the purposeful development of the country's economy and business is not possible without organizing the effective formation and use of financial resources of enterprises.

Financial resources are funds at the disposal of the enterprise and intended for the implementation of current costs and expenses for expanded reproduction, for the fulfillment of financial obligations and economic incentives for workers. Financial resources are also directed to the maintenance and development of non-production facilities, consumption, accumulation, special reserve funds, etc.<sup>1</sup>

In the economic literature and in practice, the term "financial resources" is widely used, in which various meanings are invested - from the amount of funds in bank accounts and other accounts to other indicators of the company's balance sheet.

Financial resources are formed in the process of production of material values, i.e. when new value is created and GDP and national income arise. This process of formation of financial resources is characterized by the movement of goods and money.

Streams, i.e. receipts and expenditures, funds - this is not the essence or even the reason, but rather the most frequent consequence of deeper processes associated with the formation, distribution and use of financial resources.

The initial formation of financial resources occurs at the time of the establishment of a small business entity, when the statutory fund is formed. Its sources are: contributions from individuals, sectoral financial resources (while maintaining sectoral structures), long-term loans, budget funds. Consequently, the authorized capital is the total value of assets fixed in the constituent documents, which are contributions of owners to the capital of the enterprise. At the expense of his funds, fixed assets and current assets of enterprises are formed.

The use of the company's financial resources should be built in such a way that the company is able to carry out production activities, fulfill its obligations to business partners; make payments to the budget and off-budget funds in a timely manner; return in full and on time borrowed financial resources; to carry out the renewal and expansion of their activities.

The number of operating economic entities in June 2020 increased by 8154 units in relation to May 2020 (464 300 units) and amounted to 472 454 units. The number of large enterprises decreased by 53 units.<sup>2</sup>

In 2020, the number of small businesses increased from 362,583 to 370,358 units (an increase of 7775 units). The number of farms increased from 98655 to 99087 units (by 432 units). The number of operating large enterprises amounted to 3009 units, which is 53 units less than in 2019.

We will assess the formation and use of financial resources based on the data of OOO "Stedi". Below is a brief description of the selected organization.

OOO "Stedi" is a small manufacturing enterprise that manufactures products, both for industrial use and products for the consumer market.

The enterprise "Stedi" was organized in 2008 for the production of polymer dyes, additions and modifiers (Masterbatch), for the production and processing of polymer products, certificate dated December 20, 2010, register No. 005704-11

The purpose of the enterprise is to meet the needs of the society in production according to the profile of activity and to receive the maximum profit.

We will assess the formation of the financial resources of the enterprise based on the data of the balance sheet and the profit and loss statement. The financial resources of OOO "Stedi" are formed at the expense of equity and debt capital. One of the main components of equity capital is the initial capital, which is formed from the contributions of the founders of the enterprise and takes the form of authorized capital.

The authorized capital and its own sources of financing additionally formed in the course of operation of the enterprise form its own capital, i.e. it is the difference between the total assets of the organization and its liabilities. Let us consider in more detail the structure of sources of funds (Table 1.).

Table 1

**Composition and structure of sources of financial resources of  
OOO "Stedi" for 2018 - 2020 with absolute deviation (jsc) , thousand soums<sup>3</sup>**

Name of indicators	201 8 y.	201 9 y.	20 20 y.	ad 201 8 - 201 9 y/y	ad 20 19 - 20 20 y/y
<b>(Asset) Non-current assets</b>	<b>4814527</b>	<b>6193621</b>	<b>6034650</b>	<b>1379094</b>	<b>-158971</b>
Fixed assets	4813757	3871851.4	3533880	-941905.6	-337971.4
Long term investment	770	2321770	2500770	2321000	179000
<b>Current assets</b>	<b>1526865</b>	<b>2286106</b>	<b>3321067</b>	<b>759240.5</b>	<b>1034961.2</b>
Inventory	1326408.4	1297858.4	1444026.1	-28550	146167.7
Receivables	158999.4	155877.2	706525.4	-3122.2	550648.2
Cash	2207.7	568069.9	567241.2	565862.2	-828.7
Short-term investments	38800	264300	603274	225500	338974
Statutory capital	1,041,915.6	1,041,915.6	1917446	0	875530.4
Added to apital	143.1	143.1	143.1	0	0
Reserve to capital	219741	297543.2	289092.7	77802.2	-8450.5
Non-profit (loss)	-735939	1459156.1	1195261	2195095.1	-263895.1
<b>Commitments</b>	<b>5815531.9</b>	<b>5680968.9</b>	<b>5953774.4</b>	<b>-134563</b>	<b>272805.5</b>
<b>Balance</b>	<b>6341392.5</b>	<b>8479726.9</b>	<b>9355717.6</b>	<b>2664195</b>	<b>875990.7</b>

The balance sheet asset contains information on the placement of capital available at the disposal of the enterprise, that is, on investments in specific property and material values, on the costs of the enterprise for production and implementation of production and on the balance of free cash.

If the asset of the balance sheet reflects the funds of the enterprise, then the liabilities are the sources of their formation. The financial condition of an enterprise depends to a great extent on what funds it has at its disposal and where it is invested.

The data of the analytical balance compiled by us show that the turnover of household assets (balance sheet currency) is increasing every year. This is a good indicator for the enterprise. In 2019, the turnover of household assets increased by 2,664,195 thousand soums, and in 2020 by 875,990.7 thousand soums.

There is an increase in long-term assets by 1,379,094 thousand soums in 2019 and their decrease by -158,971 thousand soums. In current assets, we see only an

increase in the amount of 759,240.5 thousand soums in 2019 and 1,034,961.2 thousand soums in 2020. In general, there is an increase in assets.

The increase in assets in the analyzed year was associated with an increase in the amount of cash, goods and materials, long-term and short-term investments and accounts receivable.

There was a decrease in debtors' debt by 3122.2 thousand soums in 2019 and an increase by 550,648.2 thousand soums in 2020, which is a negative trend, since it means that borrowers do not pay off their debts with the enterprise.

Next, consider the balance sheet liability. The share of sources of equity in the liabilities of the balance sheet was 9% in 2018, 33% in 2019, and 36% in 2020. The share of liabilities, respectively: 91% in 2018, 67% in 2019 and 64% in 2020 d. The trend is positive, but the company remains dependent on creditors.

From the calculations carried out, it is clear that the analyzed enterprise cannot repay short-term debt at the expense of current assets, due to this, the solvency of the enterprise is at a critical level.

The ratio of own and borrowed funds in the enterprise is not optimal, that is, the enterprise depends on creditors. Due to the low share of own funds at the enterprise, there is a decrease in profitability. Thus, due to these reasons, the formation and use of financial resources of LLC " Stedi " needs to be improved

Thus, the company finances from borrowed sources of funds. This situation negatively characterizes the position of an economic entity and indicates dependence on borrowed sources.

Rational use of resources affects the results of the enterprise. The stability of the financial position of the enterprise largely depends on the correct investment of financial resources in assets. In the course of the functioning of an enterprise, the value of assets and their structure are constantly changing.

The efficiency of the work of each business entity largely depends on the full and timely mobilization of financial resources and their correct use to ensure the normal production process and the expansion of production assets. In this regard, the correct organization of financial work is important for each business entity .

The efficiency of using financial resources is characterized by asset turnover and profitability indicators. Consequently, management efficiency can be improved by reducing the turnover period and increasing profitability by reducing costs and increasing revenue.

The acceleration of the turnover of working capital does not require capital expenditures and leads to an increase in the volume of production and sales of products. However, inflation quickly devalues circulating assets, enterprises use more and more of them to purchase goods, non-payments of buyers divert a significant part of funds from circulation.

In general, having studied the theoretical and practical aspects of the formation and use of financial resources of business entities in the context of the development of market relations, the following ways of improving the formation and use of financial resources of business entities should be noted :

➤•Ensure that the financial risk associated with the use of capital is minimized at the foreseen level of its return. If the level of return on the generated capital is set or planned in advance, an important task is to reduce the level of financial risks of operations that ensure the achievement of this return. Such minimization of the level of risks can be ensured by diversifying the forms of attracted capital, optimizing the structure of sources of its formation, avoiding individual financial risks, and effective forms of their internal and external insurance.

➤•Ensure constant financial balance of the enterprise in the process of its development. Such an equilibrium is characterized by a high level of financial stability and solvency of the enterprise at all stages of its development and is ensured by the formation of an optimal capital structure and its advance in the required volumes in highly liquid types of assets. In addition, financial equilibrium can be ensured by rationalizing the composition of the capital formed by the period of its attraction, in particular, by increasing the share of permanent capital.

➤•Ensure a sufficient level of financial control over the company by its founders. At the stage of subsequent capital formation in the process of enterprise development, it is necessary to ensure that the attraction of equity capital from external sources does not lead to the loss of financial control and the takeover of the enterprise by third-party investors.

➤•Ensure sufficient financial flexibility of the business entity. It characterizes the ability of a business entity to quickly generate the required amount of additional capital for the financial one in the event of the unexpected appearance of highly effective investment proposals or new opportunities to accelerate economic growth. The necessary financial flexibility is ensured in the process of capital formation by optimizing the ratio of its own and borrowed types, long-term and short-term forms of its attraction, reducing the level of financial risks, timely settlements with investors and creditors.

➤•Ensure timely capital reinvestment. Due to changes in the conditions of the external economic environment or internal parameters of the economic activity of a small business entity, a number of areas and forms of capital use may not provide the expected level of its profitability. In this regard, an important role is played by the timely reinvestment of capital in the most profitable assets and operations that ensure the required level of its efficiency in general.

In the end the effective development and use of financial resources of businesses is an important factor in expanding the business of production, supporting their projects for the production of import-substituting production in modern conditions.

Indeed, thanks to the successes achieved in small and large business, the level and quality of life of the population, the economic power of our country are constantly increasing.

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<sup>2</sup> [www . stat . uz](http://www.stat.uz)

<sup>3</sup> Compiled on the basis of the balance sheet of the enterprise (form No. 1) for 2018, 2019, 2020.