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The Results of Capital Formation in Joint-Stock Companies in the Conditions of Economic Reforms

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Abstract. In this article, the state of high volatility in the modern financial market requires effective decision-making in the process of formation of authorized capital and debt capital in order to ensure the stable development of companies. This alone is the basis for an in-depth analysis of balance sheet data and financial reports of enterprises. We can see that the capital category is correctly defined in the article and the principles of capital optimization based on the principles of financial management are defined.

Key words: equity, equity, debt, long-term liabilities, insurance cushion, long money, paid-in capital, dividend, retained earnings.

Enter

In order to ensure the stable development of the modern financial market, the formation of the company's own funds and its forecasting are of great importance. In particular, methods of forming own funds and debt funds are widely used in forecasting the net profit of companies in developed countries. This, in turn, provides an opportunity to determine the real value of future earnings of companies. As a result of the sharp increase in income from investment activities of companies in developed countries, it is necessary to use a modern method of cash flow forecasting. Today, the company's own funds play an important role in forecasting the market value of companies worldwide. In particular, "in 2021, the free cash flow of companies in the United States increased by 44.2 percent ¹. " This, in turn, shows the need to use the most appropriate method of forecasting the future income of companies. It is appropriate to use the free cash flow method to determine the solvency of large companies in the world, plan their financial strategy, evaluate their income efficiency, and determine their liquidity status. Also, the formation of financial management makes forecasting of companies' earnings, taking into account changes in working capital, capital costs and depreciation costs. In addition, the discounted cash flow method in forecasting market values allows companies to estimate the present value of the enterprise in the future, determine earnings before interest and taxes, calculate net profit after taxes, and determine the company's own funds. Also, taking internal and external factors into account when forecasting companies' own funds is the main direction of scientific research. In Uzbekistan, the process of privatization of shares of large state-owned enterprises through primary and

¹https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datacurrent.html

secondary public placement on the stock exchange is the main focus in the implementation of issues of improving the method of forecasting the authorized capital of joint-stock companies. In particular, the state share is brought to attract foreign investors and international financial institutions to privatization processes in existing enterprises. Consistent and effective performance of these tasks will significantly increase the weight of attracting foreign investors to large state-owned enterprises in the country, ensure the transparency of monetary resources in joint-stock companies, determine the effectiveness of cash flows, use modern methods of free cash flows and discounted cash flows ². Decree of the President of the Republic of Uzbekistan No. PQ-2454 dated December 21, 2015 "On additional measures to attract foreign investors to joint-stock companies", No. PF-4720 dated April 24, 2015 "On measures to introduce modern corporate management methods in joint-stock companies" "gi, PQ-4381 of July 1, 2019 "On measures to further improve evaluation activities and simplify mechanisms for the sale of low-profit and non-performing state-owned enterprises", PQ-90 of January 17, 2022 "Introduction of effective mechanisms for supporting the capital market Implementation of the tasks defined in the decisions and other legal documents of PF-60 of January 28, 2022 "On the Development Strategy of Uzbekistan for 2022-2026" is considered an urgent issue today.

Literature review on the topic

Professor Milyakov N.V. "Finance" (2015). Professor N. According to Milyakov, "Inflation plays a special role in determining the monetary value of the full capital of joint-stock companies. Inflation affects different components of capital differently. Some of them, for example, the amount of money will constantly decrease, while others may remain unchanged and even increase ³. Of course, here the opinion is given that applies to securities that are more constantly increasing in price. It would be more correct to talk about the impact of inflation on various sources of financing the society.

Professor V.V. Bocharov, "At first glance, the state of randomness of capital is paradoxical. The fact is that operations that lead to changes in the size of capital or its components are strictly documented. It seems possible to define the main characteristics of capital at any time. However, this does not happen, because the random influence of the external environment intervenes in the process of change. It is for this reason that only some independent estimates can be given, the accuracy of which depends on the general state of the economy. For the same reason, perhaps, it makes sense to distinguish the "determinant" and random part of capital. It can be done with its individual components as well ⁴. "

Management of enterprises. The active part of Porshneva A.G. (2015) represents the sum of uncertainties for the analyst. One of them is the condition of fixed assets. it is not enough to indicate their value in the accounting system. even a summary of the level of obsolescence does not provide information about the quality of the fixed assets in use. In these economic conditions and taking into account the effectiveness of the use of equipment in this enterprise, a more in-depth analysis is necessary⁵.

Research methodology

In the implementation of scientific research, methods such as induction, deduction, and synthesis were used. From the data of the Ministry of Finance of the Republic of Uzbekistan

²Decree No. PF-60 of the President of the Republic of Uzbekistan dated January 28, 2021 "On the development strategy of the new Uzbekistan for 2022-2026".

³Milyakov N.V. Finance: textbook. 2-e izd. - M.: INFRA-M, 2007 г.- p. 237

⁴ Bocharov V.V. Corporate finance.- SPB.: Peter , 2008.- p.56

⁵ Porshneva A.G. i dr. Upravlenie organizatsiy.- M.: INFRA-M, 2008. -p.312.

and the data of joint stock companies engaged in production activities for 2015-2022. Assets, liabilities and similar financial reports and official statistical data of enterprises were used.

Analysis and results

The following enterprises operating in our republic: "Navoi mining-metallurgical combine" JSC, "Almalik mining-metallurgical combine" JSC, "Kuvasoysentment" JSC and "Kvartz" JSC are considered the major producers today. The change or movement of the structure of own funds and capitals in the activity of these companies is considered the main locomotive of changes in the economy. Also, the authorized capital formed as a result of the activities of joint-stock companies determines the development process of enterprises. This, in turn, allows joint-stock companies to make a profit. In particular, equity of joint-stock companies shows how efficiently working capital is used.

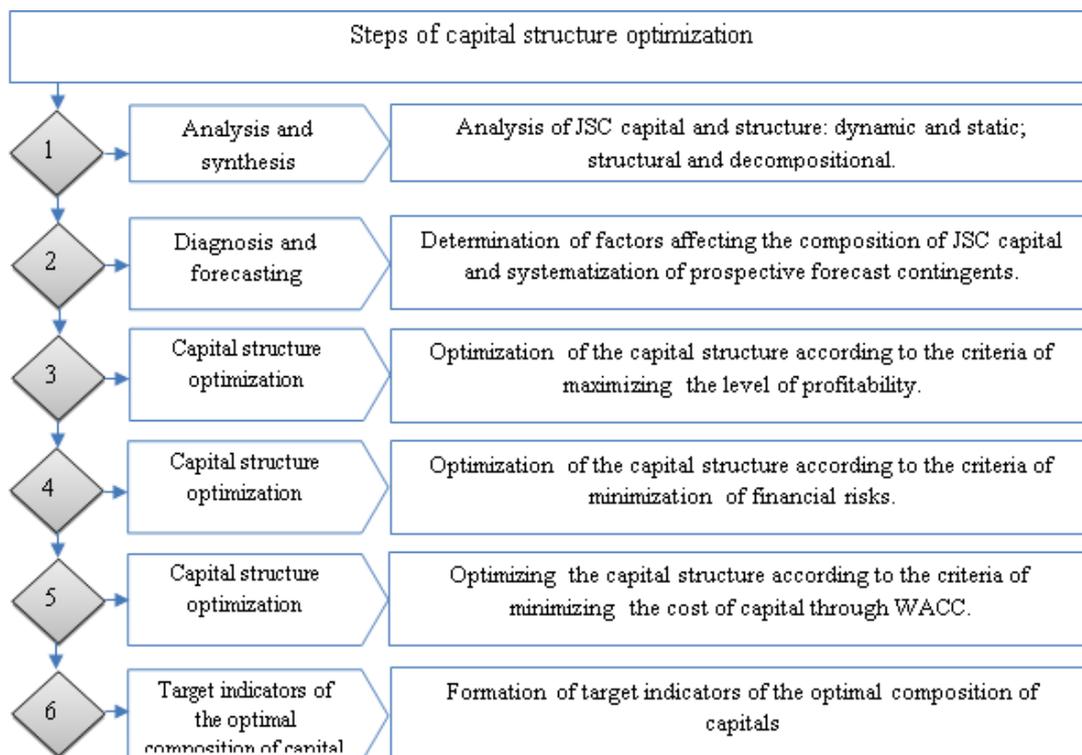


Figure 5. The structure of target-hierarchical stages of formation of the optimal composition of capital ⁶.

If financial income decreases due to increase in working capital, it means that joint-stock companies are not using working capital efficiently to buy low-income assets. If the financial income and working capital amount of joint-stock companies also increase uniformly, it means that their assets are constantly growing and cash flows are growing. Therefore, we can see in the example of the above large enterprises that the parallel growth of working capital and cash receipts is the continuous growth of the society's own funds.

The practice of formation and management of private and debt capital of joint-stock companies has been comprehensively analyzed. We can see that the optimal structure of capital in joint-stock companies and the factors affecting it, the influence of capital structure optimization on the financial results and financial status of joint-stock companies are based on a comprehensive analysis. In order to effectively organize the formation of the optimal

⁶Rakhmatullaev B.A. The use of quantitative methods in the optimization of the capital structure of joint-stock companies // "Economics and innovative technologies" scientific electronic journal. No. 4, May, 2012. - p. 335-347. .

composition of capitals, various decisions should be made regarding the impact on the dividend policy.

In the course of the research, we determined that the optimization of the capital structure in joint-stock companies depends on the logical hierarchical sequence of steps.

In modern conditions, the tasks set before the joint-stock companies operating in the Republic of Uzbekistan, in particular, the modernization of production, the determination of the economic development course expressed through the formation of the optimal mechanism of the system of production of goods and services in accordance with the changes in the foreign market, impose the task of forming the optimal composition of advanced capital for fixed and circulating assets. Especially in the current conditions, the sharp changes in the international capital market and the limitation of the capital segment known as "Long money" in the national capital market, as well as the state of capital value, require making decisions aimed at the optimal management of private and debt capital ⁷.

In particular, this process is also observed in the activities of joint-stock companies operating in the industrial sector of the economy.

Table 1. Information on the structure and dynamics of capital of joint-stock companies⁸(billion soums)

No	Indicators/years	2017	2018	2019	202	2021	2022	Change in 2022 compared to 2017, billion,	2022 is a change from 2017, even
"Quartz" JSC									
1	Total capital	185.15	270.45	318.59	439.74	914.29	986.24	+801.09	5.3
1.1	Authorized capital	166.65	232.45	306.19	312.94	354.48	337.34	+170.69	2.0
1.2	Debt capital	18.5	38	12.4	126.8	559.81	648.9	+630.4	35.0

The ratio of private and debt capital in the structure of capital advanced to assets in the analyzed joint stock companies did not have a systematic description. In particular, in 2017, the total advanced capital of "Kvarts" joint-stock company was 185.15 billion. soums, of which the authorized capital is 166.65 billion. and debt capital is 18.5 billion soums. made up soum. By 2022, the total capital of this joint-stock company will be 986.24 billion. amounting to 648.9 billion soums. Soums of debt was formed at the expense of capital. As a result, the growth of debt capital in 2022 compared to 2017 in this enterprise is +630.4 billion. we can see that it has increased by 35 times. The high growth dynamics of debt capital ensured that their share in the total capital in 2017 was extremely low, and by 2022 they will constitute a significant part of capital advanced to assets.

Based on the above, it can be concluded that in joint-stock companies operating in the

⁷ Rakhmatullayev BA Analysis of Theoretical Approaches to the Formation and Optimization of Share Capital // Asian Journal of Technology & Management Research (AJTMR) ISSN: 2249 –0892 Vol12 Issue–01, June - 2022

⁸Rakhmatullaev B.A. Analysis of theoretical approaches to the formation and optimization of the composition of equity capital // Collection of materials of the international online scientific-practical conference "Strategy of actions of the Republic of Uzbekistan: macroeconomic stability, investment activity and innovative development prospects". 4-ShO"BA. December 10-11, 2020, Tashkent, Uzbekistan .

industrial sector of the economy, different approaches have been observed in the policy of capital formation in terms of capital capacity advanced to assets.

1. the growth of capital in all analyzed enterprises was mainly due to the growth of authorized capital, which was ensured by the following three-fold option. All of these alternative options had the effect of increasing the weight of private capital in the structure of capital of joint-stock companies, increasing their financial independence.
2. if we take into account that the high role of internal financial potential in the increase of the authorized capital is mainly observed due to the growth of the production volume, it is possible to systematize the conclusion that the increase of the authorized capital in JSC "Toshloq cotton ginning" corresponds to the funds coming from the circulation or redistribution of additional shares.
3. as a result of the growth of the reserve capital at the expense of the net profit, the growth of the authorized capital is ensured. As a result, joint-stock companies have the ability to create a solvency balance based on the creation of a financial basis of solid protection of current liabilities in debt capital.

We can see the dynamic change of capital composition from the following table.

Table 2. Dynamics of the share of private and debt capital in the capital structure of joint-stock companies ⁹(in percent)

No	Indicators	2017	2018	2019	2020	2021	2022
"Quartz" JSC							
1	Authorized capital	90.0	85.9	96.1	71.2	38.8	34.2
2	Debt capital	10.0	14.1	3.9	28.8	61.2	65.8

In the analyzed period, the share of authorized capital in Kvarts JSC decreased to 34.2%. In "Kuvasoyshtement" JSC, on the contrary, the share of authorized capital is 94.5%. In 2017, the share of authorized capital in the total capital of "Toshloq cotton ginning" JSC was 54.5%, and in 2022, this indicator reached 87.7%.

increase in the weight of debt capital in JSC "Kvarts" capital requires taking into account the following two situations when making decisions aimed at managing the optimal capital structure:

1- the share of debt funds can affect the decrease of financial results and the decrease of the efficiency of economic results as a result of the increase in costs related to borrowing. As a result, the difference between tax (increased taxation at the expense of interest expenses), profit before interest (EBIT) and profit is affected.

Secondly, the increase in current obligations (short-term) obligations within debt obligations affects the risk of loss of financial stability in the future due to the increase in amortization and interest payments on them.

Fourthly, assessment of financial operational needs in current assets and minimization of excess current assets requires the adoption of measures aimed at increasing the speed of current assets and reducing current liabilities.

The following table information on the composition and structure of the charter, debt capital is systematized.

⁹Joint-stock companies were formed by the author based on annual balance sheet data.

Table 3. The composition and dynamics of the authorized capital of joint-stock companies ¹⁰(percentage)

No	Indicators/years	2017	2018	2019	2020	2021	2022
"Quartz" JSC							
1	Authorized capital	24.7	33.8	27.0	52.9	46.7	49.0
2	Added capital	0.00	0.00	0.01	0.01	0.01	0.01
3	Reserve capital	21.7	15.2	17.2	20.3	19.7	22.1
4	Retained earnings	42.2	37.9	27.6	6.5	13.3	16.2
5	Others	11.5	13.1	27.1	19.3	19.4	11.7
6	Total authorized capital	100	100	100	100	100	100
"Kuvasytsement" JSC							
1	Authorized capital	0.3	0.3	0.3	0.2	0.2	0.1
2	Added capital	0.00	0.00	0.00	0.00	0.00	0.00
3	Reserve capital	27.8	37.4	38.8	48.8	46.3	36.3
4	Retained earnings	71.8	62.2	60.7	50.8	53.4	63.5
5	Others	0.0	0.0	0.0	0.0	0.0	0.0
6	Total authorized capital	100	100	100	100	100	100
"Stone cotton cleaning" JSC							
1	Authorized capital	3.2	2.9	2.8	4.7	4.4	30.7
2	Added capital	0.00	0.00	0.00	0.00	0.00	0.00
3	Reserve capital	4.9	6.6	8.4	5.6	0.4	0.4
4	Retained earnings	0.6	6.0	4.1	39.8	48.8	25.8
5	Others	91.3	84.5	84.7	49.9	46.4	43.1
6	Total authorized capital	100	100	100	100	100	100

From the table, we can see that during the analyzed period, the authorized capital of "Kvarts" JSC made 49.0% of the authorized capital, which increased by 2 times compared to 2017. So, according to Table 1, the authorized capital played an important role in the 2-fold growth of the authorized capital. According to the data, the authorized capital in 2021 will be 41.1 billion. by 2022, the authorized capital of the additional shares, amounting to 165.4 ¹¹billion soums, according to the emission prospectus. increased to soums. Reserve capital in 2017 was 36.1 billion. 74.5 billion soums by 2020. we can see that it has increased to soum. A decrease in the nominal amount of retained earnings was observed due to a decrease in domestic financial potential

In "Quvasoytsement" JSC, the high level of accumulation of authorized capital was observed mainly due to the growth of reserve capital and retained earnings. While the share of retained earnings was 71.8% in 2017, this indicator showed a downward trend with a share of 63.5% by 2022. But due to this retained earnings, the 27.8 percent share of reserve capital in 2017 has grown to 36.3 percent by 2022. To a certain extent, this scenario was also observed at "Toshloq cotton ginning" JSC, where the growth of the authorized capital was observed due to a sharp increase in targeted revenues (by 25.1 billion soums).

So, although the same trend is not observed in the growth of the authorized capital in the analyzed joint stock companies according to the analysis of its elements, it was found that the increase in the internal financial potential was not observed.

¹⁰Joint-stock companies were formed by the author based on annual balance sheet data.

¹¹Taken from the annual financial reports of joint-stock companies.

Table 4. Analysis of the composition and dynamics of debt capital of joint-stock companies (percentage)

No	Indicators	2017	2018	2019	2020	2021	2022
"Quartz" JSC							
1	Long-term liabilities	7.6	53.2	0.0	69.6	94.0	55.7
2	Current liabilities	92.4	46.8	100.0	30.4	6.0	44.3
	Total	100	100	100	100	100	100
"Kuvasytsement" JSC							
1	Long-term liabilities	0.0	0.0	20.5	17.1	0.0	0.0
2	Current liabilities	100.0	100.0	79.5	82.9	100.0	100.0
	Total	100	100	100	100	100	100
"Stone cotton cleaning" JSC							
1	Long-term liabilities	0.0	0.0	5.7	8.0	0.0	0.0
2	Current liabilities	100.0	100.0	94.3	92.0	100.0	100.0
	Total	100	100	100	100	100	100

According to this table, the composition and structure of debt capital was analyzed, in which a high share of current liabilities was observed in the structure of liabilities in the analyzed joint-stock companies. In 2017, the current liabilities of Kquartz JSC made up 92.4% of the debt capital, and by 2022 this figure will decrease to 44.3%. The high share of current liabilities in the structure of the debt capital of other analyzed joint-stock companies caused the risk associated with the loss of their solvency to increase. This situation requires the implementation of systematic measures aimed at effective management of debt capital.

Problems related to management of the capital structure of joint stock companies in Uzbekistan and ways of their elimination are based.

The analysis confirmed that in most joint-stock companies, strategic development does not have a systematic description of decision-making regarding the selection of alternative options for using internal and external financial opportunities. In particular, the low level of the nominal amount of retained earnings as a result of the weak level of financial potential causes problems in the financial provision of investment activities at the expense of internal opportunities.

In addition, in most joint-stock companies operating in the industrial sector, the low indicator of the level of production with technologically modern equipment affects the increase in cost costs as a result of the description of extensive development related to high energy capacity. This situation provides a low efficiency index of capitals advanced to fixed and circulating assets related to basic production.

Table 5. Analysis of profitability indicators in joint-stock companies ¹²(in percent)

No	Indicators	2017	2018	2019	2020	2021	2022
"Quartz" JSC							
5	ROA	0.30	0.33	0.26	0.05	0.05	0.06
6	ROE	0.34	0.38	0.27	0.06	0.13	0.16
"Kuvasytsement" JSC							
5	ROA	0.19	0.21	0.17	0.10	0.19	0.24
6	ROE	0.24	0.26	0.21	0.12	0.20	0.25
"Stone cotton cleaning" JSC							
5	ROA	0.00	0.03	0.00	0.26	0.03	0.26
6	ROE	0.01	0.06	0.01	0.36	0.12	0.24

From the data in the above table, we can see that the indicators of return on assets and return on equity in the analyzed joint-stock companies showed different trends. In particular, the return on assets in JSC "Kvarts" was 0.3 in 2017, while the return on authorized capital was 0.34. By 2022, this indicator will be 0.06 and 0.16, respectively. In the analyzed period of this indicator, the nominal level of profit depended on the lack of observation of relative growth, as well as the change in the ratio of debt capital to authorized capital. Due to the fact that the capital invested in total assets corresponds to the authorized capital in the joint-stock company "Kuvasytsement", there is no sharp difference between the profitability of assets and the profitability of the authorized capital.

This situation was primarily influenced by the development of the market of financing instruments as a result of the development trend of the capital market, the choice of corporate management principles as a strategic direction in the formation of the capital structure of joint-stock companies.

Conclusions and suggestions

As a general conclusion, it is worth noting that in the reforms in the conditions of the transitional economy related to increasing the competitiveness of the country's economy and modernization of the economy, the management of the optimal composition of capital in the joint-stock companies of the Republic of Uzbekistan is changing from the Insider model (control-oriented) to the Outsider (market-oriented) model. If in the first case, the capital formation policy aimed at ensuring the harmony of the functions of owners and managers is a priority, then in the second case, that is, in the policy of capital formation based on the outsider model, there is a tendency to expand the powers of top managers. This process confirmed the growing practice of active use of these instruments in the formation of the capital of most joint-stock companies in the context of the existing wide range of instruments for attracting debt funds.

the application of the discount rate for the composition of the capital of joint-stock companies does not use the weighted average value of capital.

we can point to the fact that the current value of joint-stock companies' own funds and debt funds during the forecast period cannot be determined.

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