

ANALYSIS OF THE FINANCIAL CONDITION OF JSC "UZBEKISTAN TEMIR YULLARI"

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ANNOTATION:

The purpose of this article is to analyze the financial condition and financial results of JSC "Uzbekistan Temir Yullari" in accordance with the accounting standards. Abstract: The purpose of this article is to analyze the financial condition and financial results of Uzbekistan Temir Yullari JSC in accordance with the standards of financial reporting.

Keywords: Analysis, scientific and technical base, investment, railway line, indicator, investment.

INTRODUCTION:

Giant enterprises and large-scale production facilities of developed countries dictate their development strategy. Each enterprise or production complex has a business plan, and the question arises, why do we need one? A business plan is made in order to determine the goal of strategic development (growth from year to year) of the enterprise.

Financial position of an enterprise is characterized by a wide range of indicators, reflecting the availability, allocation and use of financial resources. In the conditions of mass insolvency of enterprises and their practical application to the majority of bankruptcy procedures it is very important to evaluate their

financial condition objectively and accurately. Determination of financial position as of one or several dates helps to answer the question of how well the enterprise managed its financial resources in the period preceding this date. The financial condition of an enterprise is determined by its ability to repay its debts and obligations. The main task of the analysis of the state of the enterprise is a systematic, comprehensive study of industrial and financial activities in order to objectively evaluate the results achieved and to identify realistic ways to further improve the efficiency and quality of work. The reasons of inefficiency of state regulation of investments can be the reasons of its inefficiency.

Therefore, the state should take measures to revive the investment process, attract investors, and strengthen investment activity in the national economy. Thus, the imperfect legal framework regulating the activities of economic agents, as well as the lack of an effective system of small business support, which is the basis for the development of a market economy, can be attributed to the significant factors that hinder the development of the investment process in the economy. In this connection, the main activities aimed at improving the state system of investment management, intensification of work in the legislative sphere, as well as the solution of

priority problems of the economy. Since the majority of investment projects on the railway transport are low-profit and have a long payback period, it is difficult to attract funds from private investors, which is aggravated by the insufficient regulatory and legal framework. Russian Railways does not have its own investment resources for objective reasons: a fixed level of tariffs, reimbursement of part of losses from passenger transportation, mandatory financing of non-commercial facilities not of state importance, and high social expenses. Relates to a wide range of bonds in Russia and abroad. As a result of the placement in 2013, JSC "Russian Railways" became the third borrower in the CIS to issue Eurobonds [1-5].

At the same time, even if compared with other Central Asian and Russian countries, the holding company "Russian Railways" is the largest company providing rail transport activities in Russia, a natural monopoly. Infrastructural transformations have recently taken place in this sphere, which directly influence the performance of all transport companies, in particular JSCo "Russian Railways".

The reform is aimed at improving the efficiency of railway transport, renewal of fixed assets and raising funds for these purposes. From this point of view, it seems relevant to study the financial potential as an indicator reflecting the development opportunities of the holding company and the industry as a whole. In Great Britain all suburban passenger transportation is carried out by private operators, the routes associated with large passenger traffic are fully served by high revenues, and the routes with low passenger traffic receive government subsidies. Suburban passenger transportation in the U.S. and Canada is less developed and under government control. In the U.S. it is handled by the Amtrak State Committee with dozens of small

companies, while in Canada the passenger carriers are owned by state-owned companies, for passenger transportation there are mutual subsidies for freight transportation.

Resolution of the President "On measures to implement the investment program of Uzbekistan in 2020-2022"

JSC "Uzbekistan Railways" is the largest freight and passenger transportation company in the country, with qualified specialists in all areas of railway transport, a large scientific and technical base, design and construction capacity, significant experience of international cooperation. Has the total cost of capital investments for the planned period amounted to 692.81 mln. In addition, the construction of the Angren-Pop electrified railway line, electrification of the Samarkand-Bukhara railway line with the organization of high-speed passenger trains and the construction of the newly launched Navoi-Konimex-Misken railway line. It is planned to use budget funds [2].

In 2016, by the Decree of the President of the Republic of Uzbekistan dated 27.07.15 No. PP-2376 "On measures to implement the project" Construction of the Navoi-Konimexmisken railway, a new 396.9 km long railway line, 283,1 mln. The project will be implemented in two stages: [3]

- In the first stage, it is planned to build a railway network, taking into account the electrification of the railway line and the organization of high-speed trains. At this stage, it is planned to open freight and passenger trains on locomotive traction;

- In the second stage - electrification of the railway in close connection with the need to increase energy capacity, taking into account the further increase of energy supply to the whole region as a result of industrial development of rich mineral resources of Kuljuktau and Auminzatau massifs increase.

In 2017, the following infrastructure facilities will be built at Uzbekistan Railways: in

accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 17.09.2015 No 269 on additional measures for the construction of a new electrified railway line Angren-Pop, 186 km As part of the Angren-Pop electrified railway construction project with electrification of the Pop-Kokand-Andijan section [4];

- Electrification of the Marakand railway section - construction of communication network, external power supply;
- Electrification of the Karshi-Termez railway section
- Electrification of the Pop-Namangan-Andijan railway section
- Construction of the second stage of the Yunusabad line of the Tashkent metro
- Construction of Sergeli line of Tashkent metro

The construction period is scheduled for 2017-2021. The project will carry more than 150.0 thousand passengers per day, for which up to 10 types of electric trains with an average range of 10 minutes will travel on the two-way railway in the opposite direction in the ring mode [6]:

- Construction of the Bukhara-Misken railway line - 7.50 mln.
- Electrification of the Andijan-Savoy-Khanabad railway section - 12.80 mln.
- Electrification of the Pop-Namangan-Andijan railway line - 43.30 mln.
- Reconstruction of railways - 46.06 mln.

The main purpose of investment is the growth of capital. Once the investment is made, it will be possible to purchase the project or securities through cash flow. This flow is a component of the result in two opposite directions called cash flow [7]:

- 1) the result of the planned flow of investment activities
- 2) the planned costs to ensure the operation of the origin are referred to as investments and contingencies

The most important aspect of the theory of the investment process is the theoretical activity that is the basis for the study of social reproduction investment mechanisms. At present, there are specific aspects of this economic process that the authors consider either investment objectives when formulating definitions. In addition to the task of improving the problem, it is a conceptual device, because to achieve a clear answer to the question depends on what goals the investment will be directed, efficiency, the subject of production and financial activities of the business entity and the level of risk is kept in tabor. D.A. According to Endovitsky, it is possible to talk about five people [8].

The investment program of JSC "Uzbekistan Railways" for 2019 is developed in accordance with the following principles and policies, the total amount of capital investment, taking into account the availability of sources of financing and financial resources of JSC "Uzbekistan Railways" takes. The investments will be made to ensure uninterrupted operation, improve the activities and increase the profitability of JSC "Uzbekistan Railways". The projected investment should have a technical, financial, and economic rationale so that each project will have financial returns and economic returns. The total value of capital investments for the planned period is 506.83 mln. U.S. dollars. Electrification of the Pop-Namangan-Andijan railway section, construction of the Tashkent underground ring line, construction of the second stage of the Yunusabad line of the Tashkent metro, modernization of Shargunkomir JSC, project capacity of 900,000 tons of coal per year delivery is scheduled.

On December 19, 2018, the Presidential Decree On measures to implement the Investment Program of the Republic of Uzbekistan for 2019" was signed. The document approved the investment program of the Republic of Uzbekistan for 2019. This includes

the main parameters of capital investment, the forecast for the commissioning of social, housing, engineering and transport infrastructure facilities, and a targeted program for the commissioning of facilities and production facilities.

Comparing the 5-year analysis, the indicator of financing of investment projects for 2020 is, first of all, 494.85 mln. U.S. and this is the lowest figure, and funding for investment projects in 2017 was \$ 730.42 million. U.S. and this is the highest figure compared to other years (Figure 1) [9].

Presidential Decree on Measures to Ensure More Efficient Acquisition of Rights to Land and Other Immovable Property within the Framework of the South Caucasus Pipeline Expansion Project Read more, together with a number of other government decisions, it is planned to channel the expected benefit of the society into the implementation of important projects on modernisation of production, technical and technological re-equipment, and renewal of the traffic structure.

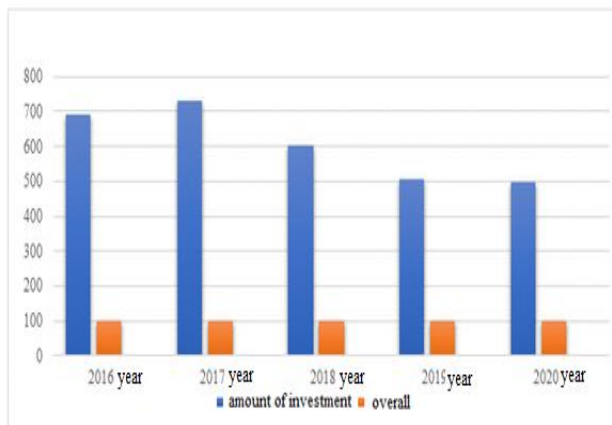


Figure 1

INVESTMENT PROGRAMME:

In 2019, Uzbek Railways will carry out the construction of the following infrastructure facilities:

- Additional measures to implement the project of construction of a new electrified railway line Angren-Pop with electrification of the 186 km long section Kokand-Andijan of the Cabinet of

Ministers of the Republic of Uzbekistan dated 17.09.2015 No 269 In accordance with the decision of the President of the Republic of Kazakhstan, 84.0 million soums will be allocated for the construction of the Angren-Pop electrified railway line.

- Electrification of Andijan-Savoy-Khanabad railway station-9.81 million manat
- Electrification of Pop-Namangan-Andijan railway line-11.71 million
- Rehabilitation of railways - 35,37 mln.

The accounts reflect only the company's main activities and are prepared in accordance with national accounting standards. Comparing the annual report (2) with the diagram (5), we can see that the indicators are increasing from year to year, with a peak in 2020 [10].

JSC "Uzbekistan Temir Yullari" carries out charitable activities in the following main directions: Health care, culture, sport, education, the preservation of historical monuments, care for veterans and the social policy of society are based on the following basic principles. Targeting of assistance, systematic methodology, openness in decision-making and implementation, and accountability for the intended use of funds. In the Appendix, the parameters of Uzbek Railways' income and expenditure forecast for 2020 show the reported and projected amounts of expenditure allocated to charitable and sponsorship assistance.

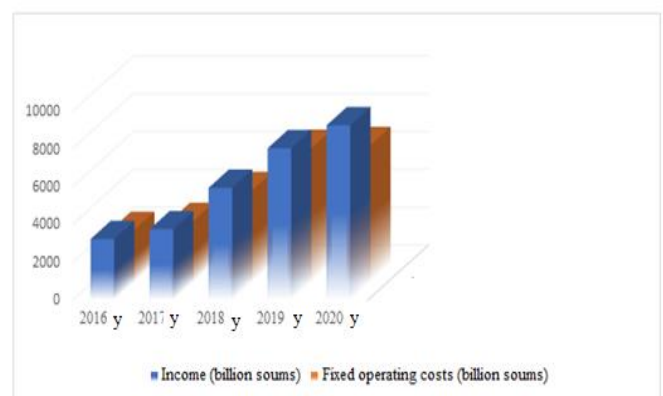


Figure 2

FINANCIAL ANALYSIS:

By the end of 2019, 58.0 billion will be allocated for charity and sponsorship. Sponsorship is provided in accordance with the cost estimates of the Boxing Federation, the football club, as well as to fulfil protocol orders of the Cabinet of Ministers of the Republic of Uzbekistan. In 2020, Uzbekistan Temir Yullari JSC will construct the following infrastructure facilities [11]:

- Construction of an access railway to the nuclear power plant on the territory of the Republic of Uzbekistan
- Reconstruction of the Muynak airport and construction of a park in the centre of Muynak district of the Republic of Karakalpakstan-3.5 million USD -electrification of Andijan-Savoy-Hanabad railway section-5.01 million USD - Electrification of the Pop-Namangan-Andijan railway line-6.0 million USD
- Rehabilitation of railways-28.0 million USD. - Electrification of Bukhara-Misken-Khiva railway section-10.0 million USD
- Construction of second track of electrified high-speed rail line Navoi-Bukhara-84.82 million USD
- Construction of Shavat-Sultanudak line with a bridge over Amudarya-\$142.04 million USD, as well as many other facilities. Given the importance of social protection and health care policy in our country, in order to further develop and improve the system of medical and social assistance to the retired, disabled, elderly people living alone and other vulnerable categories of people to ensure their full life, JSC "Uzbekistan Temir Yullari" in 2020 will allocate 11.0 million dollars for charity, but not more than 10% of net income, the amount of sponsorship during the year may be adjusted [12].

A company's liquidity is defined as its ability to meet its obligations in the medium term. The level of liquidity is characterized as the total ratio of current assets and current liabilities of

the company (the most liquid part of the company's assets and liabilities to be repaid in the near future) and their individual elements. The financial position of a company can be assessed in the short, medium and long term. Regardless of the time period, it is determined by the relationship between the structure of the balance sheet, the structure of the company's sources of finance, and the uses to which they are put. A company's financial position in the short term is characterized by solvency, medium-term liquidity, and long-term financial stability. The level of liquidity is defined as the total ratio of current assets and current liabilities of the company (the most liquid part of assets and liabilities of the company to be repaid in the near future) and their individual elements [13].

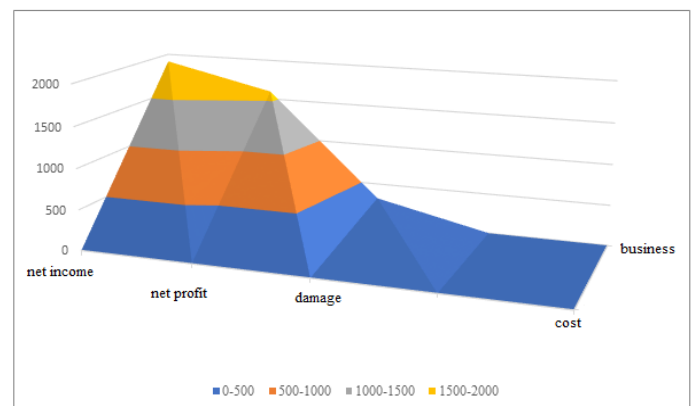


Figure 3 Financial situation by the end of 2020

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