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ANALYSIS OF THE FINANCIAL STATEMENTS OF ENTERPRISES AS A TASK FOR INDEPENDENT WORK OF STUDENTS

Abstract: This article describes the purpose of studying the discipline “Finance” by undergraduate students of the direction of study 5230600-“Finance”; considers the requirements for the level of knowledge, skills, and abilities of students who have studied this discipline; gives a description of the content of two modules of the discipline; considers the concept of financial analysis; and gives the description of the possible use of analysis of the financial statements of enterprises as a task for independent work of students.

Key words: finance, independent work, financial statements, financial analysis.

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Introduction

The discipline “Finance” covers issues such as the formation of financial resources of economic entities and their effective use in order to achieve the goals of economic and social development of the country, as well as the study of development trends in areas and spheres of the financial system of the country. The discipline “Finance” gives students the necessary knowledge to understand the development of the financial system of the country and the practice of implementing financial relations, to understand the directions of market economic reforms.

“Finance” is an academic discipline included in the block of special disciplines of the “Finance” study plan for undergraduate education 5230600-“Finance” and is studied in 1-4 courses during the II-VIII semesters. This discipline is interconnected with many other curriculum disciplines in this direction of undergraduate education.

The main goal of studying the discipline “Finance” is to form knowledge of the theoretical and legal foundations of organizing financial relations in various fields, in the development and implementation of financial policies of economic entities, as well as skills in practical use for highly qualified specialists-economists who meet modern professional requirements.

The main objective of the discipline “Finance” is the formation of students' knowledge in the field of theoretical, legal, and organizational fundamentals of financial relations, their acquisition of skills and abilities in the management of various spheres and parts of the financial system, current trends in the development of the financial market, financial relations between various parts of the financial system.

To achieve the goal and accomplish tasks, the discipline “Finance” is designed to develop students'

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theoretical knowledge, practical skills, a methodological approach to financial events and processes and to contribute to the formation of a scientific world-view. Students who have studied the discipline “Finance” should meet the following requirements to obtain qualifications, knowledge, skills, and abilities in this discipline. Students should:

- have an understanding of the essence and objectives of finance, the financial system, financial decisions, financial policy, household finance, finance and capital structure, and financial management;
- know and be able to use financial planning and regulation, financial control, financial risks, small business finance, financing startups, financial reporting, financial activities of financial institutions;
- have practical skills and abilities in the spheres of determination of the importance of the profession of a financier or financial manager, description of the tasks of financial authorities in the Republic of Uzbekistan, implementation of insurance relations, formation and use of financial resources of business entities, description of the financial foundations of the circulation of fixed and working capital, organization of financial control, use of the theory of financial risks, calculation of production costs, profits, and profitability of business entities, analysis of financial ratios on the basis of financial statements of enterprises.

The academic discipline “State budget” includes several modules. Students of the 3 year of education in the direction 5230600-“Finance” study two modules of the discipline “Finance”:

— Module IV. “Finance of business entities”. The content of this module covers such questions as “Essence and functions of finance of business entities”, “Financial management in the enterprise”, “Financial resources of business entities”, “Financial aspects of the circulation of fixed and working capital”, “Production costs and profits of business entities”, “Fundamentals of pricing policy and pricing of business entities”, “Finance and capital structure”, and “Finance and corporate strategy”;

— Module V. “Financial reporting and investments in enterprises”. The themes of this module describe “Financial reporting: content, functions and types”, “Use of financial ratios in financial statements”, “Role of the financial statements of the enterprise in financial planning”, “Financing investment programs”, “Investment appraisal methods”, “Finance and the formation of an investment portfolio”, “Finance of small business entities”, and “Startup financing”.

The total number of hours of discipline “Finance” allocated to study the topics of these two modules is 228 hours, of which 60 hours are lectures, 60 hours are practical classes, and the remaining 108 hours or 47% of the total number of hours is self-education of students.

University professors and teachers use different

types of independent work of students like taking notes on textbooks, teaching aids, texts of lectures, writing essays, solving tests, writing essays, preparation of presentations, working with cases, and others [1-11].

Every teacher tries to find new ways to organize students' independent work, including searching for information on the Internet, working with various sites, reading articles and other materials, studying statistical, practical, and analytical reports [12].

Let's consider the possible way to combine several types of activities in one task for independent work.

One of the themes of the Module V is “Use of financial ratios in financial statements”. Students should learn foundations of financial analysis and have appropriate knowledge, skills, and abilities to analyze the financial statements of any enterprise using different financial ratios.

Financial analysis is the process of evaluating businesses, projects, budgets, and other finance-related transactions to determine their performance and suitability. Typically, financial analysis is used to analyze whether an entity is stable, solvent, liquid, or profitable enough to warrant a monetary investment. Financial analysis can help managers make future business decisions or review historical trends for past successes, and investors choose the best possible investment opportunities. Financial analysis is very important to evaluate economic trends, set financial policy, build long-term plans for business activity, and identify projects or companies for investment [13].

Financial analysis is the examination of financial information to reach business decisions. This analysis typically involves an examination of both historical and projected profitability, cash flows, and risk. It may result in the reallocation of resources to or from a business or a specific internal operation. Financial analysis is one of the key tools needed by the managers of a business to examine how their organization is performing. The outcome of financial analysis may be any of these decisions [14]:

— Whether to invest in a business and at what price per share?

— Whether to lend money to a business and if so, what terms to offer?

— Whether to invest internally in an asset or working capital, and how to finance it?

The task for independent work is to analyze the financial statements of one of the enterprises of the Republic of Uzbekistan based on data of the Internet-site <http://openinfo.uz/en> — Corporate information portal of the Ministry of Finance of the Republic of Uzbekistan. This site publishes different information about main data of the joint-stock companies of the Republic of Uzbekistan. Its main sections are “Essential facts”, “Prospectuses”, “Quarterly reports”, “Annual reports”, “Announcements”, “Statistics”, and “Issues”.

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This independent work of students includes the following stages:

1. The teacher should give the student the name of one enterprise in Uzbekistan as an object for the study, explain the instructions and describe the required form for the presentation of the results of the work.

2. The student must study the structure of the site and the content of its main sections, as well as learn how to use the data search mechanism to find information about the given enterprise.

3. The student should find the financial statements of the enterprise, copy them fully into a Word document and copy the data of the financial statements into an Excel file.

4. The student should analyze the balance sheet and income statement of the enterprise using five main groups of ratios, including profitability ratios, asset turnover ratios, financial leverage ratios, liquidity ratios and market value ratios. The student should use appropriate formulas and prepare an Excel table with original data and all calculations. The teacher should be able to check the correctness of all calculations.

5. The student should give his expert opinion based on the made calculations in the form of Word document. He should give full description of the financial performance of the analyzed enterprise and answer next questions:

— if you work as a usual loader in this enterprise, should you continue to work?

— if you are working as a sales manager in this enterprise, should you continue to work?

— if you are employed by this company as a

sales accountant, should you continue to work?

— if you work at this enterprise as a financial manager, how do you evaluate the results of your decisions?

— if you are the director of this enterprise, should you close it, or will you continue to work?

— if you are a tax inspector, does this company pay taxes correctly?

— if you are a local government representative, will this enterprise make economic or social problems in your district?

— if you are the head teacher of the school, can this enterprise provide you with sponsorship?

— if you are a loan officer at a bank, would you lend to this company?

— if you sell raw materials and materials to this company, will you continue cooperation?

— if you buy the goods from this company, will you pay for them 3 months in advance?

— if you are the owner of this business, are you satisfied with its management?

— if you have temporarily free cash and want to invest it profitably, will you buy a share of this company?

After completing this task, the student will consolidate theoretical knowledge and gain the necessary skills and abilities to analyze the financial statements of an enterprise using financial ratios. He will also understand the importance of understanding the financial statements of enterprises for various categories of individuals, enterprises, organizations, and government bodies.

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