

---

## ANALYSIS OF CORPORATE FINANCIAL RELATIONS AND OPERATIONAL EFFICIENCY IN UZTELEKOM JOINT STOCK COMPANY

URINOV SARDOR SUVONOVICH

---

### Abstract

---

#### Keywords:

corporate structure, financial relations, allocating subsidies, government securities

*This article examines the main characteristics, forms of corporate financial relations and the issues of influence on the development of corporate management in joint-stock companies. Corporate financial relations are analyzed on the example of Uztelekom joint-stock company.*

---

#### Author correspondence:

**URINOV SARDOR SUVONOVICH**

Researcher, Chief Accountant of "SALES AND SERVICE CENTER" BRANCH, "UZBEKTELEKOM" JSC, Tashkent, Uzbekistan

Email: [urinov\\_s@gmail.com](mailto:urinov_s@gmail.com)

---

### INTRODUCTION

Effective functioning of the financial system in the conditions of the market economy is directly related to the efficiency of its every link. In this case, we can see that the effective organization of financial relations in corporate finance, which is considered the main link of the financial system, is of particular importance not only in every corporate structure, but also in every country. Based on this, we think that it is appropriate to dwell on the economic nature of corporate finance first.

In our country, state and corporate structures finance their activities with a limited range of sources, mainly through their own funds, shares, bank loans, leasing. Financing through corporate bonds is extremely narrow. The fact that they have not yet organized international stock trading, the practice of public placement of shares on international stock exchanges, and the fact that the circulation of Eurobonds is relatively narrow, shows that there are problems in attracting foreign capital.

### LITERATURE REVIEW

Richard A. Brealey, Stewart C. Myers, and Franklin Allen, among the English economists who conducted research in this regard, claim that "Corporate finance is all about maximizing the market value,"<sup>i</sup> while Pierre Vernimmen, Pascal Quiry, Maurizio Dalocchio, Yann Le Fur, among the French economists, Antonio Salvilar comments that "Corporate finance is not only a theoretical textbook, but also a practical guide"<sup>ii</sup>. Also, Stephen A. Ross, Randolph W. Westerfield, Bradford D. Jordan approach corporate finance as follows: "Corporate finance in general: "How to attract long-term

---

<sup>i</sup>Richard A. Brealey, Stewart C. Myers, Franklin Allen. Fundamentals of Corporate Finance. Seventh Global Edition. – McGraw-Hill Education, 2014. – p.51. (1341 p.)

<sup>ii</sup>Pierre Vernimmen, Pascal Quiry, Maurizio Dalocchio, Yann Le Four, Antonio Salvi. Corporate finance: theory and practice. Fourth edition. – Wiley, 2014. – p.10. (997p)

investments?", "Where do you want to get long-term financing: do you attract additional founders or debt "How do you manage receipts from customers and expenses to suppliers in daily financial activities?" is to learn ways to find answers to three questions <sup>iii</sup>. In our opinion, corporate finance is an independent branch of the financial system, which means the creation of a commercial organization and the activities of the established commercial organization through the voluntary pooling of their property by legal entities and individuals.

### **ANALYSIS AND RESULTS**

It is in this sector of the financial system that the main part of the income distributed to various sectors of the economy is formed, and these incomes serve as the main source of economic development and social development. In this case, the income of corporate structures is distributed to self-financing, to employees and obligations to the state, and to other directions. Based on the above, we can see the emergence of corporate finance as a central link of the financial system, and we must emphasize that the effective organization of the implementation of corporate finance requires constant attention in the socio-economic development of society. It is no exaggeration to say that corporate finance serves as the basis of the international financial system today. In such a case, the effective organization of corporate finance in our country will increase the economic development of our country, as well as increase the process of international economic integration. Because in foreign trade relations, along with the states, corporate structures also actively participate.

In the conditions of the market economy, the main goal of every commercial organization is to obtain high profits and satisfy the interests of owners and increase their material well-being through effective organization of financial and economic activities. Any subject of the market can participate as a seller and (or) buyer in free market relations. The development of market relations in general requires strengthening the role of corporate finance in society.

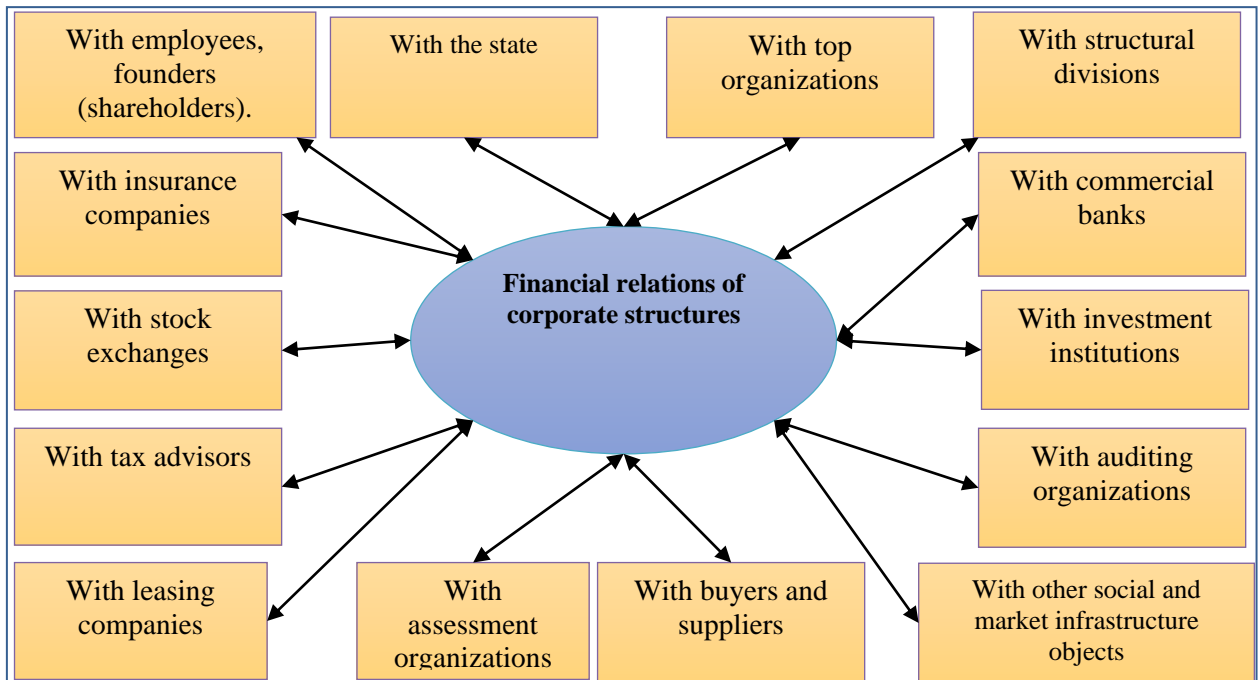
The material basis of any financial relationship is money. The purposeful movement of funds between entities is the main condition for the emergence of a financial relationship. Formation and distribution of monetary funds within the framework of the corporate structure, and the processes of their use serve as the basis of corporate finance.

Here we should note that a corporate structure is a legal entity engaged in business activities. The concept of a legal entity is "a person who has separate property in his property, business management or operational management, and who is responsible for his obligations with this property, who can acquire and exercise property or personal property rights in his own name, and who can fulfill obligations. , an organization that can be a plaintiff and a defendant in court" <sup>iv</sup> means. We can cite joint stock companies and limited liability companies as the most common types of corporate structures in our republic.

---

<sup>iii</sup>Stephen A. Ross ,Randolph W. Westerphyeld, Bradford D. Jordan. Fundamentals o f Corporate Finance. – McGraw-Hill/Irwin, 2013. – p. 49 ( 824 p. )

<sup>iv</sup>Civil Code of the Republic of Uzbekistan, Article 39.

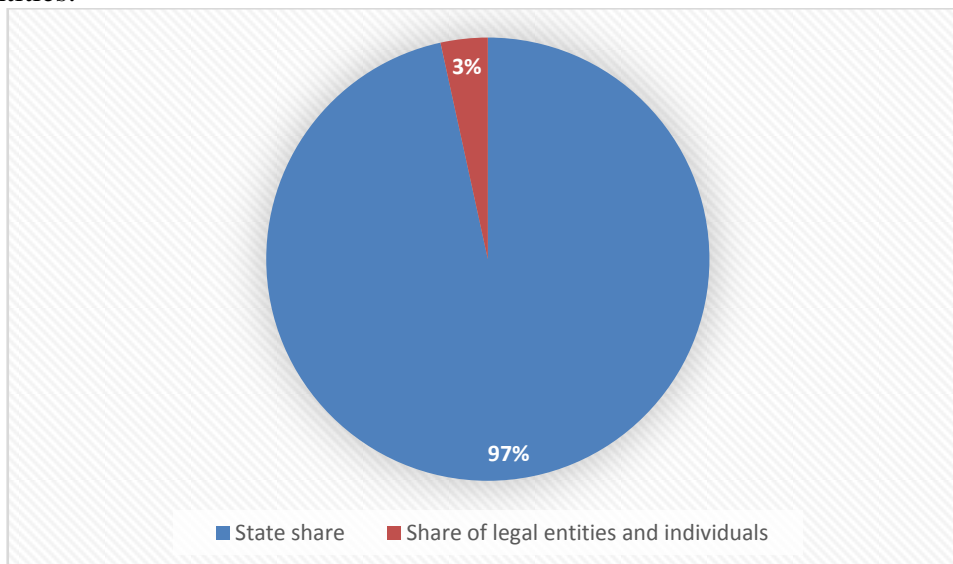


**Figure 1. Entities entering into financial relations with corporate structures<sup>v</sup>**

Based on the data of Figure 1.1 above, we can note that the number of joint stock companies operating in our republic has a tendency to decrease. This can be explained by the liquidation of inefficient joint-stock companies.

In the conditions of the market economy, corporate structures enter into financial relations with the following entities (Figure 1.2):

Below we will briefly touch on the financial relations of corporate structures with other entities.



**Figure 2. Authorized capital of Uztelekom AK (as of December 31, 2021)**

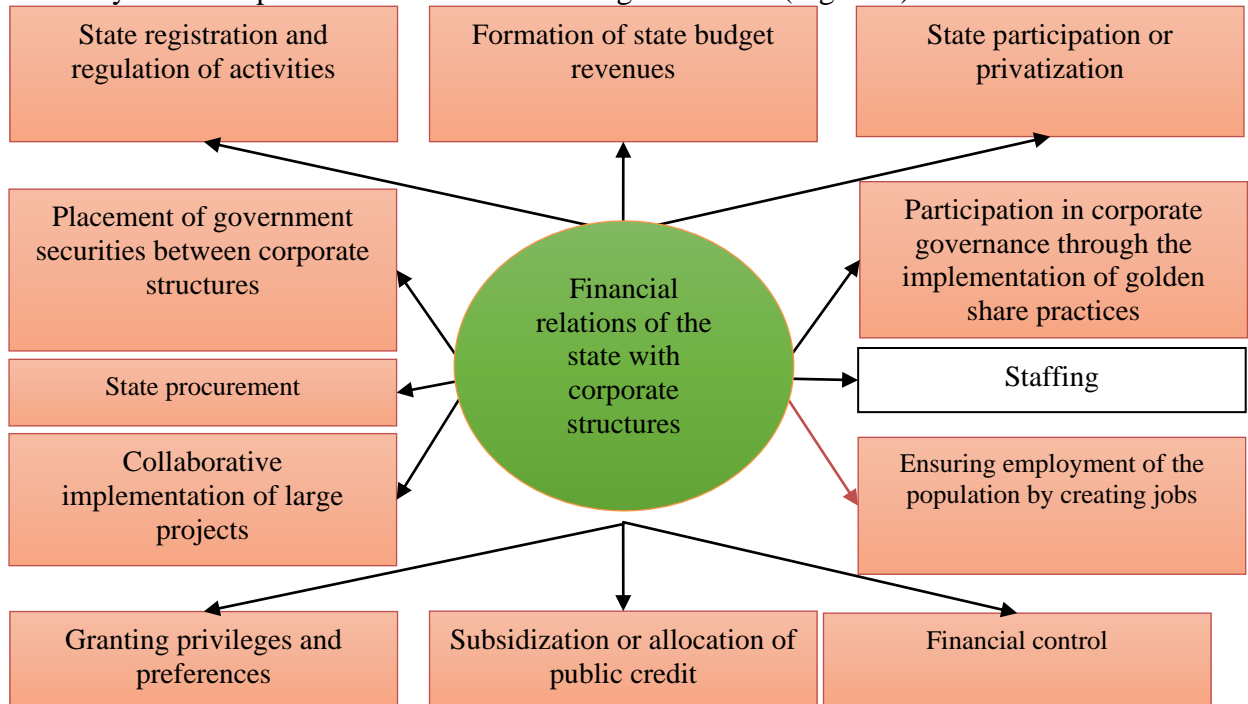
First of all, financial relations with the *founders (shareholders)* include relations related to the organization (establishment) of the corporate structure. special attention is paid to the financial relations that arise during the process of exiting the corporate structure and the entry of third parties as founders (shareholders). On the other hand, it should be

<sup>v</sup>Elmirzaev, S. E. "Improving tax relations in corporate finance management." *Abstract of dissertation in economic sciences. Tashkent* (2017).

noted that the achieved result - the process of distributing the profits of the corporate structure among the founders or shareholders also has an important place in corporate financial relations.

Corporate financial relations are characterized by regular financial relations with *employees*. Also, if the employee is also a shareholder, the scope of financial relations with them will expand even more.

*The state*'s financial relations with corporate structures are characterized by their versatility. The composition of such relations is given below (Figure 3):

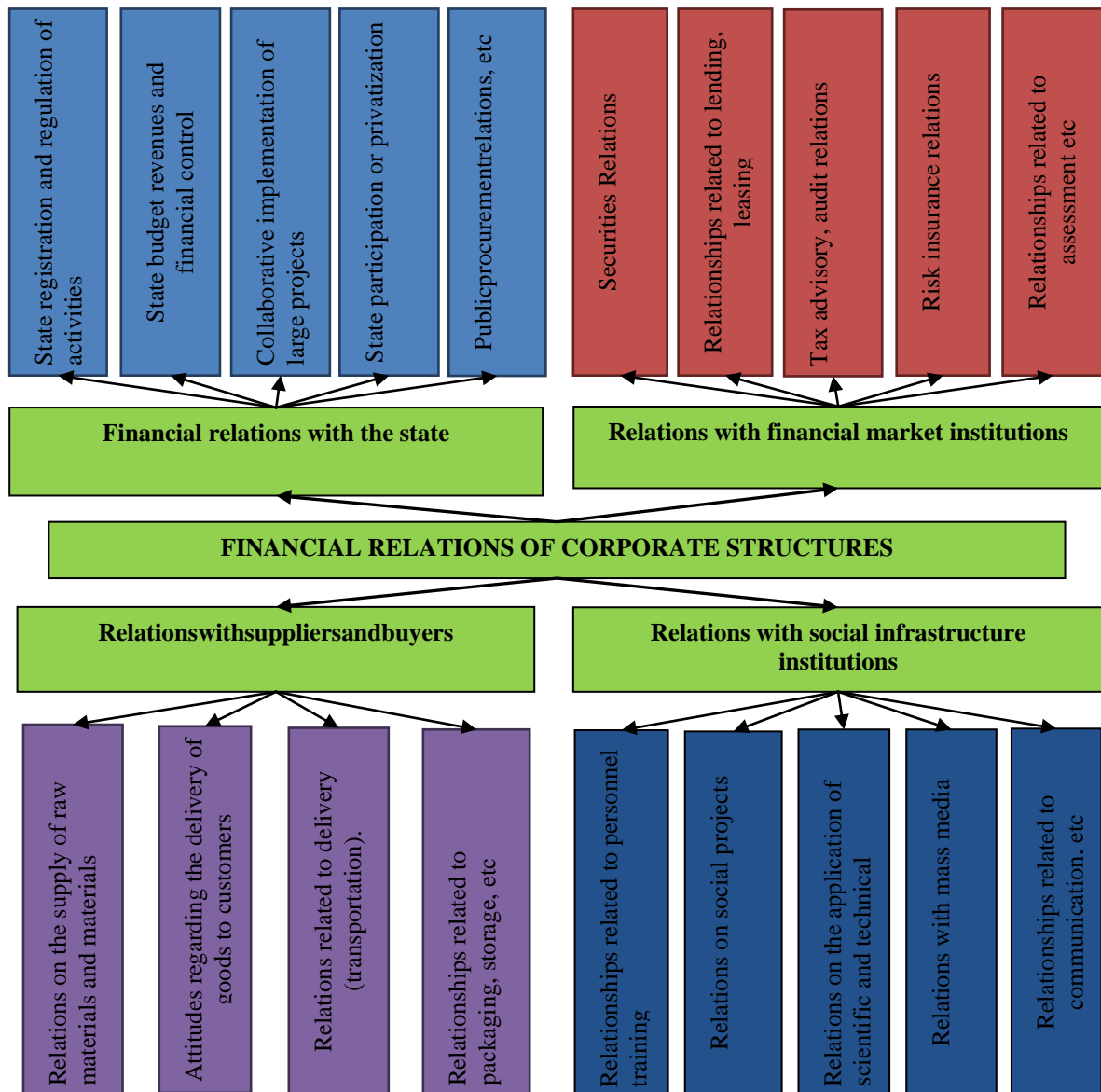


**Figure 3. Financial relations of the state with corporate structures<sup>vi</sup>**

Based on the information in Figure 1.3 above, the financial relations of the state with the corporate structure include direct state registration and authorization of activities, regulation of activities, formation of state budget revenues, sale of state shares for the purpose of inclusion or privatization, direct participation in corporate management, activities of corporate structures in state educational institutions. for training personnel, ensuring employment and profitability of the population by creating jobs, conducting financial control, allocating subsidies or state loans, giving various benefits and preferences (in particular, tax breaks), implementing large projects in cooperation, implementing public procurement as a consumer, we can see it manifested in cases such as the placement of government securities between corporate structures.

In the market economy, the financial relations of corporate structures can be classified according to the following four groups (Figure 4):

<sup>vi</sup>Elmirzaev, S. E. "Improving tax relations in corporate finance management." *Abstract of dissertation in economic sciences. Tashkent* (2017).



**Figure 4. Classification of financial relations of corporate structures<sup>vii</sup>**

Today, as a result of expanding their activities, corporate structures focus on establishing *representative offices, subsidiaries, and branches*. Financial relations related to the organization and operation of such structural divisions also require special attention from the point of view of maximizing profit in corporate financial relations and increasing the material well-being of the owners.

As we know, it is widely used in national practice that corporate structures, especially joint-stock companies, operate in direct connection with *high-level organizations* (business associations, holdings, companies, associations, concerns, etc.). In this case, holdings directly own the control package of shares of joint-stock companies, and as a result, financial decision-making is organized directly on the basis of the decision of the holding.

Joint-stock company "Uzbektelecom" is one of the largest telecommunication operators in Central Asia, while occupying a leading position in the market of telecommunication services of the Republic of Uzbekistan, and provides services outside its borders. The main

<sup>vii</sup>Elmirzaev, S. E. "Improving tax relations in corporate finance management." *Abstract of dissertation in economic sciences. Tashkent* (2017).

goal of the company is to provide a wide range of high-quality telecommunication services that meet the needs of consumers in accordance with the requirements of legislation and regulatory documents, using the latest achievements in the field of information and communication technologies.

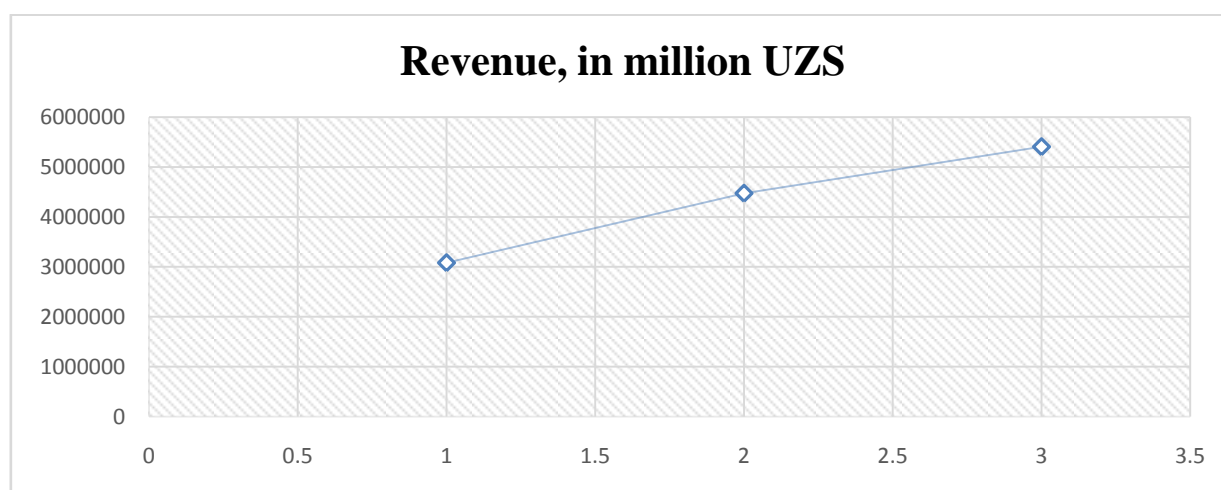
**Table 1****Analysis of financial indicators of Uztelekom AK**

Indicators	2019	2020	2021	2021/2020, inpercent
Assets, inmillion UZS	6668635	7970907	8441503	+6
Equity, inmillion UZS	1693652	1791289	2097251	+17
Revenue, inmillion UZS	3082492	4474230	5406371	+21
Net profit, in million UZS	13415	69343	498995	+620
Profitmargin, %	0,4	1,5	9,2	+496
EBITDA, inmillion UZS	1052322	1592788	1724244	+8

The financial indicators of "Uzbektelecom" JSC for 2021 indicate the company's stable condition and positive prospects for future development. By the end of 2021, the revenues of Uzbektelecom JSC from the provision of telecommunication services amounted to 5,406.4 billion soums, an increase of 21% compared to last year.

Revenues from mobile communications make up a large part of the Company's revenue. In 2021, revenues from international communication operators amounted to 1417.1 billion sums (growth rate - +5% compared to 2020).

The greatest potential to support the company's revenue growth is related to the introduction and development of promising services based on mobile communication services and data transmission. The growth rate of revenues from mobile communication and Internet services in 2021 was 27 and 55%, respectively

**Figure 5. Revenue dynamics of Uztelekom JSC in 2019-2021**

According to the end of 2021, Uztelekom AK's revenues from the provision of telecommunication services amounted to 5,406.4 billion soums, an increase of 21% compared to 2020.

A number of social and other projects were implemented by "Uzbektelecom" JSC during 2021. In particular, in order to provide social support to the socially unprotected and



underprivileged population and to improve their material condition, to support the development of education, science, culture, art, enlightenment, as well as the spiritual development of the individual, on a permanent basis, to various non-governmental, non-commercial, charitable funds of the republic and their sponsored assistance was provided to regional units

**Table 2****Analysis of income structure of Uztelekom JSC**

Indicators	2019	2020	2021	Growthrate 2021/2020
International mutual accounting books	1211,2	1351,7	1417,1	105%
Channel rental	245,5	302,7	258,1	85%
Long distance and international telephone connection	53,2	37,7	42,4	112%
Local telephone connection	106	104,9	89,6	85%
Data transmission network and the Internet	501,4	862,2	1335,9	155%
Mobile communication	912,8	1699,7	2150,7	127%
Other income from communication services	52,5	115,4	112,5	97%
<b>Total</b>	<b>3082,5</b>	<b>4474,3</b>	<b>5406,4</b>	<b>121%</b>

3.4 million by the company throughout Uzbekistan in 2021. households were covered by broadband Internet. The length of communication channels established from intercity, international, zonal optical fiber communication lines is 197.13 million channels/km. In order to provide telecommunication services to the objects responsible for the Summit held in Uzbekistan in 2022, as well as to create a telecommunication infrastructure for mobile operators, "Uzbektelecom" JSC plans to install telecommunication equipment worth 2.98 million US dollars at the expense of its own funds.

At the same time, in 2022-2024, it is planned to implement projects with a total value of 150.04 million euros for loans from international financial institutions and 134.53 million dollars for product loans from telecommunication equipment manufacturers.

**CONCLUSIONS**

Based on the above analysis, we propose the following to increase capital inflows and accelerate the liberalization of the economy in our country:

- Minimize the share of the state in the economy to possible;
- Creating a uniform investment climate for investors, i.e., eliminating selective additions;
- Abandonment of protectionist policies to support local producers;
- Elimination of monopoly in increasing capital flows;
- Reducing customs duties to accelerate competition and increase investment activity and immunity of domestic producers.

By implementing the above proposals, it is clear that the flow of private capital in our economy will increase only if we create opportunities and conditions for investors to attract investment and motivate them to direct their capital into our economy, otherwise the economy could be surrounded by lobbyists and monopolists and cause huge losses,

because the Liberal economy demands its liberalization in its own name. We believe that the ongoing reforms in our country will be an important factor in ensuring the rapid development of our economy and increasing the welfare of our people.

#### **LIST OF REFERENCES**

Richard A. Brealey , Stewart C. Myers, Franklin Allen. Fundamentals of Corporate Finance. Seventh Global Edition.–McGraw-Hill Education , 2014 . - p.51. (1341 p.)

Pierre Vernime, Pascal Quiry , Maurizio Dallocchio , Yann Le Four , Antonio Salvi . Corporate finance: theory and practice .Fourth edition. – Wiley, 2014. – p.10. (997p)

Stephen A. Ross ,Randolph W. Westerphyeld, Bradford D. Jordan. Fundamentals of Corporate Finance. – McGraw-Hill/Irwin, 2013. – p. 49 ( 824 p. )

Civil Code of the Republic of Uzbekistan, Article 39.

Elmirzaev, S. E. "Improving tax relations in corporate finance management." *Abstract of dissertation in economic sciences. Tashkent* (2017).

Irgashevich, DadamukhamedovAlimjon. "Development of national network and corporate networks (in the case of Tas-IX network)." *International Journal of Human Computing Studies* 1.1 (2019): 1-5.

Konstantin, Kurpayanidi. "Doing business 2017: equal opportunity for all as a vector of regulation of the business environment." *Бюллетеньнауки и практики* 5 (18) (2017): 127-138.

Razakov, Muzaffar. *Corporate governance of state-owned enterprises in Uzbekistan*. Diss. University of St. Gallen, 2015.