

Czech University of Life Science Prague

Faculty of Economics and Management

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DIPLOMA THESIS

**Ways of increasing business activity of the
Enterprise**

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DIPLOMA THESIS ASSIGNMENT

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Economics and Management

Thesis title

Ways of increasing business activity of the Enterprise

Objectives of thesis

The objective of the master's diploma is the development of theoretical and methodological foundations of business activity and the determination of its impact on the effectiveness of production taking into account features of the enterprise.

Based on the goal, the following problems have been identified:

1. Explore the economic content of the category of "business activity" and analyze approaches to its definition;
2. Identify and substantiate the factors that influence the business activity of the enterprise;
3. Identify and substantiate the impact of business activity on the effectiveness of production in terms of focus on the solution of tactical and strategic objectives of the enterprise in order to further improve the management of production and economic activities of the enterprise;
4. Develop a complex of measures of organizational and economic nature to improve the activity of the enterprise LLC "Prime-Leader" on the basis of the analysis and assessment of business activity.

The object of the study is Limited Liability Company "Prime-Leader".

Methodology

Theoretical and methodological basis of the study served as a position of economic theory of market relations in the sphere of the issue, the works of leading domestic and foreign scientists on business analysis and financial analysis, materials science and periodicals on the researched topic, generalization of domestic and foreign experience in the assessment of business activity of individual enterprises and sectors of the economy.

During the study following methods were used for economic analysis: Comparative analysis of horizontal, vertical comparative analysis method averages; the method of financial ratios.

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Declaration

I declare that the Diploma Thesis “Ways of increasing business activity of the Enterprise” is my own work and all the sources I cited in it are listed in Bibliography.

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Signature:

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Způsoby, jak zvýšit podnikání v podniku

Ways of increasing business activity of the Enterprise

Summary

Diploma thesis is devoted to the ways to improve business activity. The relevance of the study determined that the increase in business activity - a very common problem, especially at the moment. The main aim of increasing business activity is to provide services and the heads of the enterprise a certain kind of information required for effective enterprise resource management.

Diploma thesis consists of an introduction, three chapters, conclusion, bibliography and appendices.

The first chapter deals with general issues related to the essence of the concept of business activity, namely: What is meant by business activity, the value of the term for its study, the role of business activity in the life of the enterprise. Systematized existing points of view of scientists, economist's category of business activity that the high level of business activity acts as a factor of stability of the financial situation of the company in a market economy.

The second chapter analyzes the financial statements by calculating financial ratios and business activity on the example of a Public transport and commercial joint-stock company "Ak-Zhol". Revealed the weak points of the company, which prevents increase the level of business activity of the Company.

In the third chapter there was justified the necessity of increasing business activity, the use of more sophisticated techniques to identify the state of business activity. The measures and recommendations to improve the business activity

In conclusion, the study has been summarized, and the main conclusions and recommendations were formulated.

Keywords: Efficiency, economic performance , enterprise

Souhrn

Diplomová práce je zaměřena na to, jak zlepšit obchodní činnosti. Význam studia určena tím že zvýšení podnikatelské činnosti - velmi častá problémá, a to zejména v tomto okamžiku. Hlavním cílem zvýšení obchodní činnosti je poskytování služeb potřebných pro efektivní řízení podnikových zdrojů.

Diplomová práce se skládá z úvodu a má tři kapitoly, závěr, bibliografie a přílohy.

První část je věnována obecným otázkám, týkajícím pojmu obchodní činnosti, přesně: Co znamená obchodní činnosti, hodnota termínu pro jeho studia, role podnikání v životě podniku. Systematizovány existující názory vědců, že vysoká úroveň podnikatelské činnosti působí faktorem stability finanční situace firmy v podmínkách tržního hospodářství.

Druhá kapitola analyzuje účetnictví podniku, při pomoci výpočtu finančních ukazatelů a obchodní činnosti podniku na příkladě S.R.O "Ak-Zhol". Odhalení slabé stránce společnosti, který zabraňuje zvýšení úrovně podnikatelské činnosti ve společnosti.

Ve třetí kapitole se odůvodní nutnost zvýšení podnikatelské činnosti, použití sofistikovanějších metod pro identifikaci stavu podnikatelské činnosti. Dporučeny aktivity ke zlepšení podnikatelské činnosti

Na závěr byly jsou formulovány výsledky, závěry a nabídky S.R.O "Ak-Zhol".

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Introduction

To survive in a market economy and to prevent the bankruptcy of the enterprise, it is necessary with the help of financial analysis to identify and eliminate weaknesses in financial activities and find the reserves to improve the state of the company and its ability to pay. Many enterprises, having a big production capacity and highly skilled manpower, are ineffective, and not able to withstand market competition. The effectiveness of the company largely depends on its business activity, so the subject of business activity quite relevant in today's Kyrgyzstan. Business activity of the commercial organization is manifested in the dynamics of its development, the achievement of its goals that reflect the natural and value indicators, in making effective use of the economic potential, expanding markets for its products. Business activity is an important factor determining the financial stability of enterprises. On this factor influence: the sustainability of economic growth, respect given the pace of development of the enterprise, the degree of fulfillment of production plans, the level of efficiency of use of available production resources, breadth of markets, production companies, including the availability of supplies of goods for export, the presence of specific prospects for the development of the enterprise. The relevance of the chosen topic is that the increase in business activity, as well as the financial activity of the enterprise and its optimization - a very common problem, especially at the moment. Optimization of financial planning at the enterprise, in order to increase business activity - a set of decisions and actions that are within a particular company and in accordance with predetermined objectives helps regulating its financial flows. This definition emphasizes that planning - this is the ultimate practice, in other words, the practice of providing for specific purposes and composed of various kinds of actions. The main aim of increasing business activity is to provide services and the heads of the enterprise a certain kind of information needed for effective management of enterprise resources. The planning system is intended to narrow the scope of uncertainty, which is characterized by an idea of upcoming events and their consequences. The main objective of planning is forecasting cash flows and changes in the financial condition of the company as a result of the planned financial and economic activity, which will lead to increased business activity. The development of market relations put

economic entities of different legal forms in the tough economic conditions that objectively determine the conduct of a balanced policy to improve the efficiency of production. Especially acute these issues are for businesses, most of them during the years of market reform failed to fulfill their institutional and productive capacity. On the agenda faces the task of mastering the technology of strategic management, efficient use of all resources and innovative potential of the enterprise, building long-term relationships with partners (suppliers of resources, customers, competitors). All of what business leaders in the former planned economies were not trained. To improve the competitiveness of enterprises and the dynamic of its development, there are positive factors, including the display of business enterprises. Indicators of business activity - one of the tools integrated characterizing the activity of the enterprise in the market economy. In practice, business activity is calculated at the level of industries, sectors or the economy as a whole.

The objective of the master's diploma is the development of theoretical and methodological foundations of business activity and the determination of its impact on the effectiveness of production taking into account features of the enterprise.

Based on the goal, the following problems have been identified:

- explore the economic content of the category of "business activity" and analyze approaches to its definition;
- identify and substantiate the factors that influence the business activity of the enterprise;
- identify and substantiate the impact of business activity on the effectiveness of production in terms of focus on the solution of tactical and strategic objectives of the enterprise in order to further improve the management of production and economic activities of the enterprise;
- Develop a complex of measures of organizational and economic nature to improve the activity of the enterprise Public transport and commercial joint-stock company: "Ak-Zhol" on the basis of the analysis and assessment of business activity.

The object of the study is Public transport and commercial joint-stock company: "Ak-Zhol"

The subject of the study is applicable methods, techniques, tools, analysis and evaluation of business enterprises, as well as the mechanism of the effect of business activity in the final performance of the enterprises.

Theoretical and methodological basis of the study served as a position of economic theory of market relations in the sphere of the issue, the works of leading domestic and foreign scientists on business analysis and financial analysis, materials science and periodicals on the researched topic, generalization of domestic and foreign experience in the assessment of business activity of individual enterprises and sectors of the economy.

The information base for the study is: the reporting enterprise Public transport and commercial joint-stock company: “Ak-Zhol”, the economic facts and scientific generalizations monographs of the Russian and foreign scientists, and Internet resources.

During the study following **methods** were used for **economic analysis:** Comparative analysis of horizontal, vertical comparative analysis method averages; the method of financial ratios.

The scientific novelty of the study is a comprehensive approach to the analysis and evaluation of business enterprises, which will improve the management of the company by improving its business activity.

The practical significance of the work lies in the fact that the proposed measures can be implemented at the plant, which will help improve business planning.

Structurally master's work consists of an introduction, three chapters, conclusion, list of references and applications, contains 7 tables and 17 figures.

1 Chapter. Theoretical Foundations of planning business activity in market conditions

1.1 Business Activity: concept, nature, literature review for analysis

Business activity is a complex and dynamic characteristic of entrepreneurship and efficient use of resources.

Levels of business activity specific organization reflect the stages of its life activity (origin, development, recovery, recession, crisis, depression) and show the degree of adaptation to rapidly changing market conditions, the quality of management. Business activity can be described as motivated macro level and micro management of sustainable economic activities of organizations aimed at ensuring its positive dynamics, the increase of employment and efficient use of resources in order to achieve market competitiveness.

The relevance of the concept of "economic activity" is obvious. The stability of the financial situation of the company in a market economy it is mostly due to its business activity. As the financial situation of the majority of domestic enterprises at a given time is a crisis or close to crisis, this situation has a negative impact on the economic situation in the country. Therefore, the study of business activity is a major factor in improving the economic situation in the country.

Business Activity - is the most important characteristic of the economic state and development of the enterprise.

Currently, there are quite a number of definitions of "business activity". However, they do not fully characterize this category.

Literature review

Author	The essence of the term "economic activity"
V. Kovalev	Business Activity - a set of actions that contribute to the economic growth of the organization (including the production and distribution systems) through the coordinated development of its components in harmony with the environment.
S. Yurkovyh	Business activity is the whole range of efforts to promote the company in product markets, labor, and capital.
A. Sheremet	Business Activity - the current industrial and commercial activities of the company.
E. Negashev	Business activity is an important factor determining the financial stability of the enterprises.
R. Saifulin	Business activity involves the effective use of resources of the enterprise and can be assessed using qualitative and quantitative criteria.

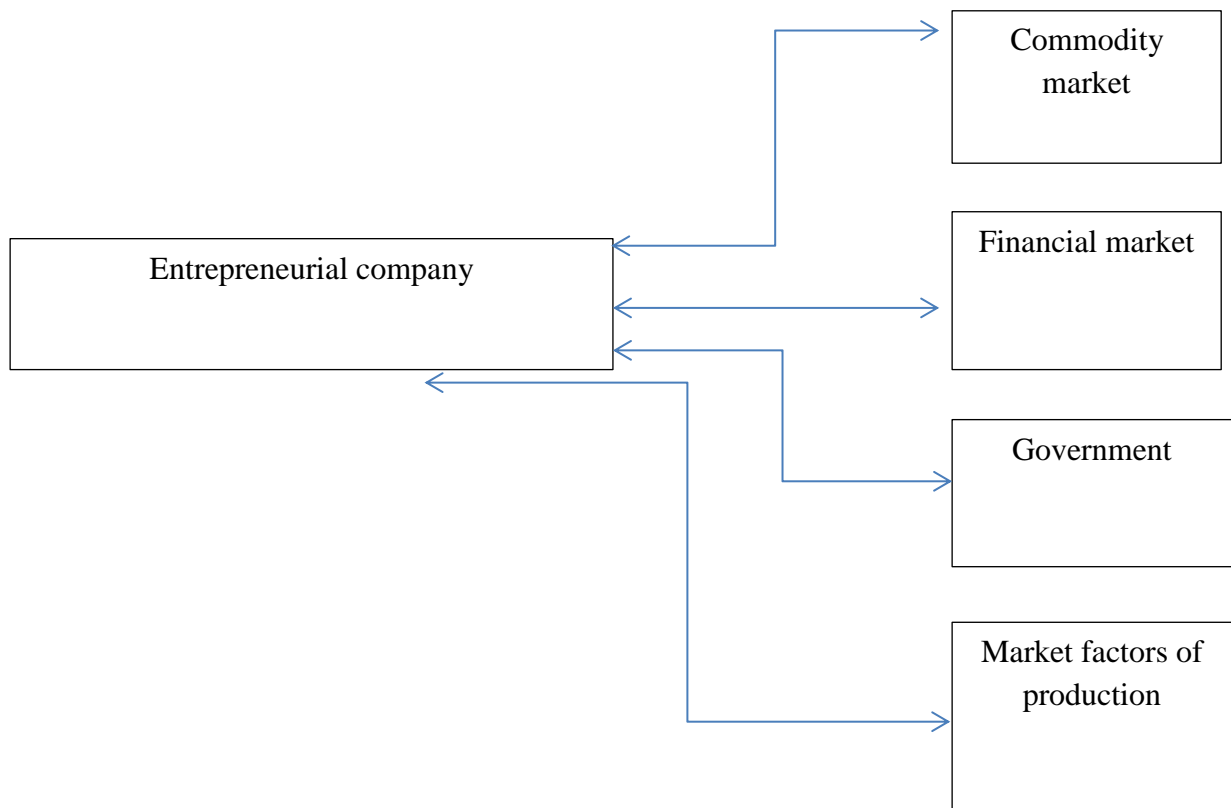
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In my opinion, the above selected definition, represent the essential characteristics of both categories of business activity. Therefore, I believe it appropriate to combine these into a single definition. Thus, the business activity is the integrated category, which is a multi-faceted activity covers the whole range of efforts on the production and commercial activities, the success (return) invested efforts, resource management efficiency, as well as on the promotion of enterprise (organization) on the market: products, work and capital.

It is enough to have a high significance as well the factors of internal nature, in principle, under the control of the management of organizations: improving contract work, improving education in management, business and planning, empowerment of information in the field of marketing and others. The value analysis of business activity is the formation of economically reasonable estimate efficiency and intensity of use of resources and the organization to identify their reserves increase.

Business activity of the company is one of the most important controls. His figures are a kind of Calling Card Company. High business activity is the best way to his self-promotion (Figure 1.1).

Figure 1.1 Driving the business activity of the company



Source: Kovalev V.V., Volkova O.N., “Analysis of economic activity of the enterprise”

As already mentioned, the business activity - it is a very important feature of economic development and state enterprises.

Turnover means and sources - in this financial aspect manifest business activity. These indicators can be safely attributed to the business performance.

By studying various literary sources, and summarizing data specialists, the concept of "business activity" can be considered a more specific and define the scope of its application in a market economy.

Business activity is referred to as an economic activity, which is based in the organization and subsequent development of the production or provision of services. Analysis of business activity shows the turnover rate of funds.

The basic concepts of business activity include:

1. The financial cycle, that is, the period since the investments before receiving them with a corresponding increase. Formula financial cycle is the sum of Inventory turnover Period and receivables without indicator account payable turnover. This formula can be expressed as follows:

$$a. \text{ Financial cycle} = \text{Inventory Turnover Period} + \text{Accounts Receivable} - \text{Accounts Payable (1.1.)}$$

2. Asset turnover or asset turnover ratio.
3. The operational lever, also called operating leverage shows how the rate of change exceeds the change in profit of sales revenue. Knowledge of operating leverage helps predict profit change, which will occur when changing revenue.
4. Break-even point - a term used to express the minimum amount of revenue needed to cover all the running costs. As for the stock of financial strength, it shows how much can decrease the revenue that the company continues to operate without losses.
5. Marginal profit is called the difference between revenues and all direct costs. Marginal analysis is of particular importance for multiproduct production. Marginal profit units of the product are the difference between its price and direct costs. Hence, by and large, this is the denominator in calculating the break-even point.

Marginal profit total output of the same type is the product of earnings of one unit of the product and the volume of its release. Direct costs are generated for each type of product, and the overhead generated across the enterprise as a whole.

Sources include the analysis of business data:

- The financial statements of the organization (balance sheet, income statement, statement of changes in equity, statement of cash flows, the annex to the balance sheet, explanatory notes to the balance sheet);
- Constituent documents (charter and memorandum of association);
- The accounting policies;

- Primary documents that reflect the composition of fixed and current assets, assessment, business transactions, etc.
- Legal documents that secure relationships with suppliers, buyers, borrowers and lenders.
- Analytical accounting;
- Statistical reporting;
- Materials that characterize the staff of the personnel;
- The business plan, etc.

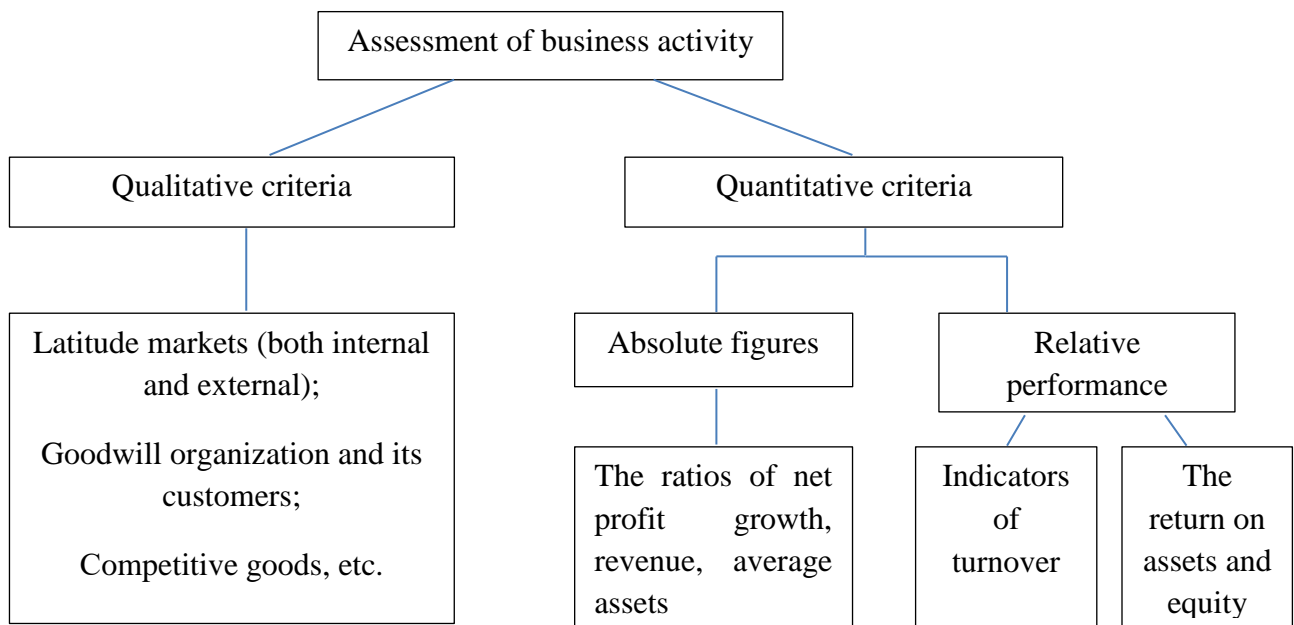
Having considered all the main issues, we can conclude that in the broadest sense of business activity means the whole range of efforts to promote enterprise in product markets, labor, and capital.

1.2. Methodological aspects of the analysis of business activity

Business activity (or "turnover") in financing activities defined as the whole range of activities aimed at promoting the enterprise in all aspects: market products, financial services, labor market, etc. Increased business activity of any enterprise is manifested in the expansion of the service sector or market, increase the range of goods and services and its successful implementation, stable development (professional, personal development) State employees, efficiency of the entire database of resources (finance, personnel, raw materials).

In order to determine the level of business activity, it is necessary to conduct a full analysis of the literate. In this case, the analysis of the level and dynamics are subject to certain "financial ratios", which are indicators of the results achieved in the enterprise (see Figure 1.2)

Fig. 1.2 Scheme analysis of business activity



Source: Own input, based on reports of the company “Ak-Zhol”.

Analysis of business activity can be carried out on the following parameters:

- Quality indicators;
- Quantitative indicators.

Below is a look at each group of indicators in detail.

1. Evaluation of the company on a qualitative level involves the analysis of the so-called "non-formalizable" criteria. This is a comparison of the company with other organizations, leading its operations in a similar industry. Such information can be obtained by studying the results of market research questionnaires, surveys. Qualitative indicators include:

- Market, namely its scope, the annual rate of expansion;
- The volume of products intended for export;
- Reputation of the enterprise, including: the number of regular customers, users of services; the level of well-known enterprises-buyers;
- The level of demand for this product is the enterprise market.

2. Quantitative assessment includes an analysis in two directions:

- Absolute figures,
- Relative performance.

Absolute indicators of business activity - these are the values that characterize the relationship between the two main financial indicators of any enterprise - value investing, asset and sales volume of finished goods or services.

Thus, in absolute figures include:

- The amount to invest,
- The volume of sales,
- The difference between the first two indicators - profits.

The analysis of these indicators is best done systematically (1 per quarter, year) in order to monitor any changes in the dynamics and relate them to the current situation on the market.

The optimal ratio between the above parameters can be expressed by the following formula:

$$\begin{array}{l} \text{The growth rate of} \\ \text{net profit} \end{array} > \begin{array}{l} \text{The growth rate of} \\ \text{money coming} \\ \text{from the sale of} \\ \text{products} \end{array} > \begin{array}{l} \text{The growth rate of} \\ \text{the value of assets} \end{array} > 100 \% \quad (1.2)$$

From the following formula (1.2) it shows that the rate of increase in business profits should be higher than the growth rate of revenue from sales and the increase in the value of fixed assets of the enterprise. This is an ideal theoretical model. In practice, the situation is rarely fit into the perfect formula. Even in the work of the most developed and stable business growth rate of the value of assets often exceed the growth rate of other indicators. The reasons could be:

- Expansion of the grid nomenclature by the introduction of new products or services;
- Capital repairs, renewal of individual production units;
- The reconstruction and reorganization of the entire production as a whole.

All these activities require significant investments that pay off only in the long term.

Relative indicators of business activity - a certain financial ratios that characterize the level of efficiency of invested assets. This efficiency depends on the turnover rate of these assets. Therefore, the relative performance of business activity entered a second name - turnover ratios.

Relative parameters are divided into two groups:

1. The coefficient characterizing the rate of turnover of assets. In general, the velocity refers to the number of revolutions of assets for the analyzed period - a quarter or a year.
2. The coefficient characterizing the duration of one revolution. It refers to the time within which to return all the money invested in productive assets (tangible and intangible).

These factors are very important informative value for the analysis of the course of financial processes in the enterprise, their regulation. They are not only semantic content, but also the assessment of numerical values. In the case of the first factor, the higher the numerical value, the better the financial condition of production. In the second case - on the contrary: the lower the number, the more efficient is the process of production and sales are.

For example, production costs are directly dependent on the rate of turnover of funds. The faster turnover of capital goes, the more products can realize the company in one unit of time. When slowing down the process of working, increased costs, additional investments and may worsen the overall financial condition of the company.

In addition, the rate of turnover of finance has a direct impact on the general turnover and net profit.

If divided into separate production process step, the acceleration turns, at least at one stage necessarily entail acceleration and other production areas.

Both indicators (coefficient of the rate of turnover, the ratio of the length of turnover) compared with the correct parameters, unique to the industry. The value of these parameters can significantly change their numeric values depending on the industry of the enterprise.

The conclusion - the financial health of any company depends on how quickly the money invested will bring a net profit.

In general, the analysis of the level of turnover is divided into four sub-tasks, depending on the indicators for which the calculated value (assets of the enterprise, the sources of the funds of the company):

The funds of the enterprise (assets):

- Analysis of the turnover of non-current assets;
- Analysis of the accounts receivable turnover;
- Analysis of the turnover of circulating assets;
- Analysis of the turnover of inventory.

Sources of funds (liabilities):

- Analysis of the turnover of equity;
- Analysis of the turnover of debt capital (accounts payable).

In real life, most of the turnover calculation is performed as follows:

Total asset turnover ratio shows how many times the cycle of production and circulation were completed in the performed period, bringing the income. This ratio can be determined by the formula:

$$\text{Total asset turnover ratio} = \frac{\text{revenues from sales}}{\text{period average value of all assets}}$$

Turnover of fixed assets represents a return on assets that is characterized by efficiency of basic production assets (capital) of the enterprise for the period. Calculated by dividing the amount of net revenue from sales on average over the period value of fixed assets:

$$\text{Capital productivity} = \frac{\text{revenues from sales}}{\text{the average value of fixed assets for the period}}$$

The main condition for the growth of return on assets is the excess of labor productivity growth over the growth of its capital. Increasing the rate of return on assets can be achieved both by a relatively low proportion of fixed assets, as well as by their high technical level. Of course, its size varies greatly depending on the industry and its capital intensity. However, the general laws are such that the higher the ratio, the lower the costs of the reporting period. Low coefficient indicates either a lack of sales volume, or too high a level of investment in these types of assets.

An important indicator for the analysis is the *turnover ratio of tangible current assets*, that is, the speed of their implementation. In general, the higher the value of this ratio, the less money is due in the least liquid article, the more liquidity structure has working capital and the stability of the financial condition of the company. Conversely, overstock, *ceteris paribus* negative impact on business activity. Calculation of the formula:

$$\text{Stock turnover} = \frac{\text{revenues from sales}}{\text{period average value of inventories and costs}}$$

The high value of this indicator shows the structure of a liquid working capital and, consequently, more stable financial condition of the company.

Working capital turnover ratio shows the rate of turnover of material and financial resources of the enterprise for the period and is calculated as follows:

$$\text{Working capital turnover} = \frac{\text{revenues from sales}}{\text{the average value of working capital for the period}}$$

Between the working capital and sales volume, there is a definite relationship. Too small amount of working capital limits sales, too much - not enough evidence of efficient use of working

capital. How to determine the optimal ratio of working capital and the volume of sales? This relationship helps to find working capital turnover ratio. For each company is different and it is, if it is defined, it is necessary to maintain its value at the optimum level.

Equity turnover ratio is calculated by the formula:

$$\text{Turnover ratio of equity} = \frac{\text{revenues from sales}}{\text{period average value of equity}}$$

This indicator shows the different aspects of the work: from a commercial point of view, it defines a surplus of sales, or the lack of them; financially - the rate of turnover of equity investments; economic - activity funds which the risk owners of the company (shareholders, the state or other owners). If the ratio is too high, which means a significant excess of the level of sales over the invested capital, this entails an increase in credit and the possibility of reaching that point where lenders are more involved in business than owners. In this case, the ratio of debt to equity increases decreases the security of creditors and the company may have serious difficulties associated with a decrease in revenues. In contrast, a low coefficient of inaction is part of its own funds. In this case, the coefficient indicates the need for equity investment in another, more appropriate according to the terms of a source of income.

The turnover of the invested capital - shows the turnover rate of long-term and short-term investments of the enterprise, including investment in their own development. Turnover ratio of invested capital is given by formula:

$$\text{Turnover ratio of invested capital} = \frac{\text{revenues from sales}}{\text{the average value of invested capital for the period}}$$

The value of this ratio is useful to compare the values in the same period the turnover ratio of operating capital. In the analysis of these factors in the dynamics, you can see how much faster or slower turns capital derived at a time of industrial activity, in comparison with the capital

involved in production. A more detailed analysis must take into account the structure of the capital invested.

The rate of turnover of permanent capital ratio determines:

$$\text{Turnover ratio of permanent capital} = \frac{\text{revenues from sales}}{\text{period average value of permanent capital}}$$

This ratio shows how quickly turns into capital in long-term use in the enterprise. The essence of the values of this coefficient is similar to the turnover of equity index, with the only difference that the analysis of this factor should take into account the effect of long-term obligations of the enterprise. This ratio shows how quickly turns into capital in long-term use in the enterprise. The essence of the values of this coefficient is similar to the turnover of equity index, with the only difference that the analysis of this factor should take into account the effect of long-term obligations of the enterprise

Functioning capital turnover ratio is calculated as follows:

$$\text{Turnover ratio of operating capital} = \frac{\text{revenues from sales}}{\text{period average value of operating capital}}$$

Analyzing the value of this ratio, you can see a slowdown or acceleration of capital turnover, directly involved in productive activities. The resulting values of the coefficient of purified, compared with the total asset turnover index, from the influence of the investment companies that do not have a direct impact on the volume of sales, with the exception of investment in its own development.

The index of business activity characterizes the efficiency of business on the main activities of the enterprise for the period in the management of working capital and is calculated as follows:

$$\text{Business index} = \text{turnover ratio of operating capital} * \text{rate operating margins}$$

The values of this factor in the dynamics reflect the increase or decrease in business activity in the business (core) activities.

Here it should be said about the factors that have a key influence in shaping financial policy of the company and in particular the period of turnover of Finance. The factors are divided into external and internal.

Exterior:

- Especially production, due to the economic situation in the industry,
- Features of the interaction of the enterprise with suppliers, buyers, similar businesses operating on a similar algorithm
- The value of a commodity market,
- The value of production volumes,
- Inflation,
- Features of formation of the starting capital of the enterprise, the duration of the enterprise in its market.

Interior:

- The level of the financial management system of the company,
- Peculiarities of the range of production, its price indicators, the ratio of production costs, the prices for its marketability,
- Internal valuation logistical facilities.

1.3. Assessment of business activity for the purpose of financial planning

Business activity of the organization in the financial aspect is manifested in the turnover of its assets and their sources. Therefore, financial analysis of business activity is to study the dynamics of the turnover figures. The effectiveness of the organization is characterized by

turnover and profitability of sales, assets and sources of their formation. Therefore, indicators of business activity, the turnover of capital measure, refer to the business performance. Indicators of turnover are important to the company for the following reasons:

First, the rate of turnover of the funds depends on the size of annual turnover;

Secondly, with the size of turnover and, consequently, a turnover is related relative value of fixed costs: the faster the turnover, the lower the turnover accounts for each of these costs; Thirdly, accelerating turnover in varying stages of circulation of funds entails the acceleration of turnover and on the other stages.

The main objective of the industrial enterprise in modern conditions - the maximum profit, which is impossible without an efficient capital management. The search for reserves to increase the profitability of the company is the main task for the manager. It is obvious that the effectiveness of financial management and the company depends entirely on the result of the company as a whole. If things are going at the plant by gravity, and the style of management in the new market conditions do not change, the struggle for survival becomes continuous.

Assessment of financial and economic activity of the enterprise for the purpose of business planning is one of the most effective methods of control, the basic element of justification of management decisions. In conditions of market relations it has to ensure the sustainable development of profitable, competitive production capabilities, and includes a variety of areas - legal, economic, industrial, financial, etc.

The main task of the financial and economic assessment for the planning of business activity is to identify, opportunities to increase the efficiency of the business entity by a sound financial policy. The main result of the activities of the company is production costs; the difference between them - the profit, which is a source of replenishment of the enterprise, the final and the initial phase of a new round of production.

With the help of financial analysis can objectively assess the internal and external relations of the analyzed object: to characterize its solvency, efficiency and profitability of the company, prospects of development and then its results to make informed decisions.

Financial evaluation for the purpose of business planning is a process, based on a study of data on the financial condition of the company and its performance in the past in order to assess future conditions and results of operations. Thus, the main task is to reduce the financial evaluation of the inherent uncertainty associated with economic decision-making, oriented to the future.

Revealing the essence of the evaluation of the financial and economic activity of the enterprise for the purpose of business planning, it is also necessary to determine the structure and sequence of its implementation. Therefore not necessary to distinguish the following analysis blocks constituting its sequence:

- a) Assessment of the financial condition of the enterprise:
 - ✓ overall assessment of the financial condition and changes in the reporting year;
 - ✓ analysis of balance sheet liquidity;
 - ✓ analysis of financial ratios;
- b) Analysis of the financial performance of the enterprise:
 - ✓ analysis of the level, structure and dynamics of absolute indicators of financial results;
 - ✓ analysis of the profitability and business activity;
- c) Analysis of the efficiency of financial and economic activity of the enterprise.

Decisions of the evaluation of the financial condition of the company for the purpose of business planning should be focused primarily on the creation of financial resources for the development of the enterprise, in order to increase profitability, investment attractiveness that is to improve the financial condition of the company.

The main purpose of assessing the financial condition of the company for the purpose of business planning is to provide a small number of the key (most informative) parameters that give an objective and accurate picture of the financial condition of the company. Its profits and losses, changes in the structure of assets and liabilities, in settlements with debtors and creditors, with an analyst or manager (manager) may be interested in how the current financial condition of the company and its projection in the short or longer term - future expected financial condition..

The first group of users are the owners of the enterprise, lenders (banks, etc.), Suppliers, customers (buyers), the tax authorities, the staff of the enterprise and management. Each subject assessment examines the information based on their interests. Thus, owners need to determine the increase or decrease in the share of equity capital and to evaluate the effectiveness of resources management of the enterprise; creditors and suppliers - whether to extend credit, lending conditions, guarantee repayment of the loan; potential owners and lenders - book the room in the company of their capital, etc. It should be noted that only the management (administration) of the enterprise may deepen the analysis of statements by using cost accounting data within the management review conducted for management purposes.

The second group of users of financial statements - the subjects of this evaluation, which, although not directly interested in the enterprise, but the contract must protect the interests of the first group of users of financial statements. This accounting firms, consultants, stock exchanges, lawyers, the media, associations, trade unions.

To take decisions on management in the field of production, marketing, finance, investment and innovation management needs constant awareness of business related issues, which is the result of selection, analysis, evaluation and concentration of the original raw information.

The practice of evaluation of financial and economic activity of the enterprise in order to plan the business activity has already developed the main types of analysis (method of analysis) financial statements. Among them are six main methods:

Horizontal (time) analysis - a comparison of each position reporting with the previous period;

Vertical (structural) analysis - Identification of the final financial indicators to determine the effect of each position reporting on results as a whole;

Trend analysis - a comparison of each position reporting with a number of previous periods and determining the trend, the main trends in the indicator purified from the random influences and individual characteristics of the different periods. With the trend form the possible values of the future, and, therefore, being a promising predictive analysis;

Analysis of relative indicators (ratios) - Calculation of the relationship between the individual positions of the report or the positions of different forms of reporting, the determination of the relationship indicators;

Comparative (spatial) analysis - it's like on-farm analysis of aggregates reporting on selected indicators of the company, subsidiaries, divisions, departments, and inter-farm analysis of indicators of the Company in comparison with the performance of competitors, with the average and middle-economic data;

Factor analysis - analysis of the impact of individual factors (causes) on a productive indicator using deterministic or stochastic methods of investigation. Moreover, factor analysis can be both direct (actual analysis) when the analysis is crushed into its component parts, and the reverse when deviations and make up the balance at the stage of generalization summarize all of the identified deviations, the actual figure of the base due to various factors.

Methods of financial analysis consist of three interrelated parts:

1. The analysis of financial condition;
2. The analysis of financial results of the company;
3. The analysis of the effectiveness of financial and economic activity.

Financial analysis is part of a full analysis of economic activities, which consists of two closely related sections: financial analysis and production management analysis.

Evaluation of the financial and economic activity of the enterprise for the purpose of business planning, based on the data only accounts, takes on the character of the external evaluation, assessment carried out outside the enterprise concerned of its counterparties, owners or government authorities. This estimate is based only on reported data, which contain only a very limited part of the information on the activities of the company did not reveal all the secrets of the success or failure of the enterprise.

Summing up, we can draw the following conclusion. Financial planning of business activity in the enterprise is interconnected with the planning of operations and is based on the performance of the production plan (the volume of production, sales, estimates the cost of production, capital

investment plan, etc.). However, a plan is not a simple arithmetic recalculation of indicators of the production plan in financial indicators. The business planning process is carried out assessment of the production plan indicators, identified and used them unaccounted for on-farm reserves and way more efficient use of plant capacity, a more rational consumption of material and financial resources, improve product quality, expanding the range and others.

The main object of the financial planning business is cash flow. For a going concern does not exist start and end points of flow: its movement is continuous and closed. The final product can be regarded as payment for raw materials, fixed assets, labor, or the payment of dividends to shareholders.

Information basis for financial planning business activity are accounting data of the enterprise and assess the financial results of the company.

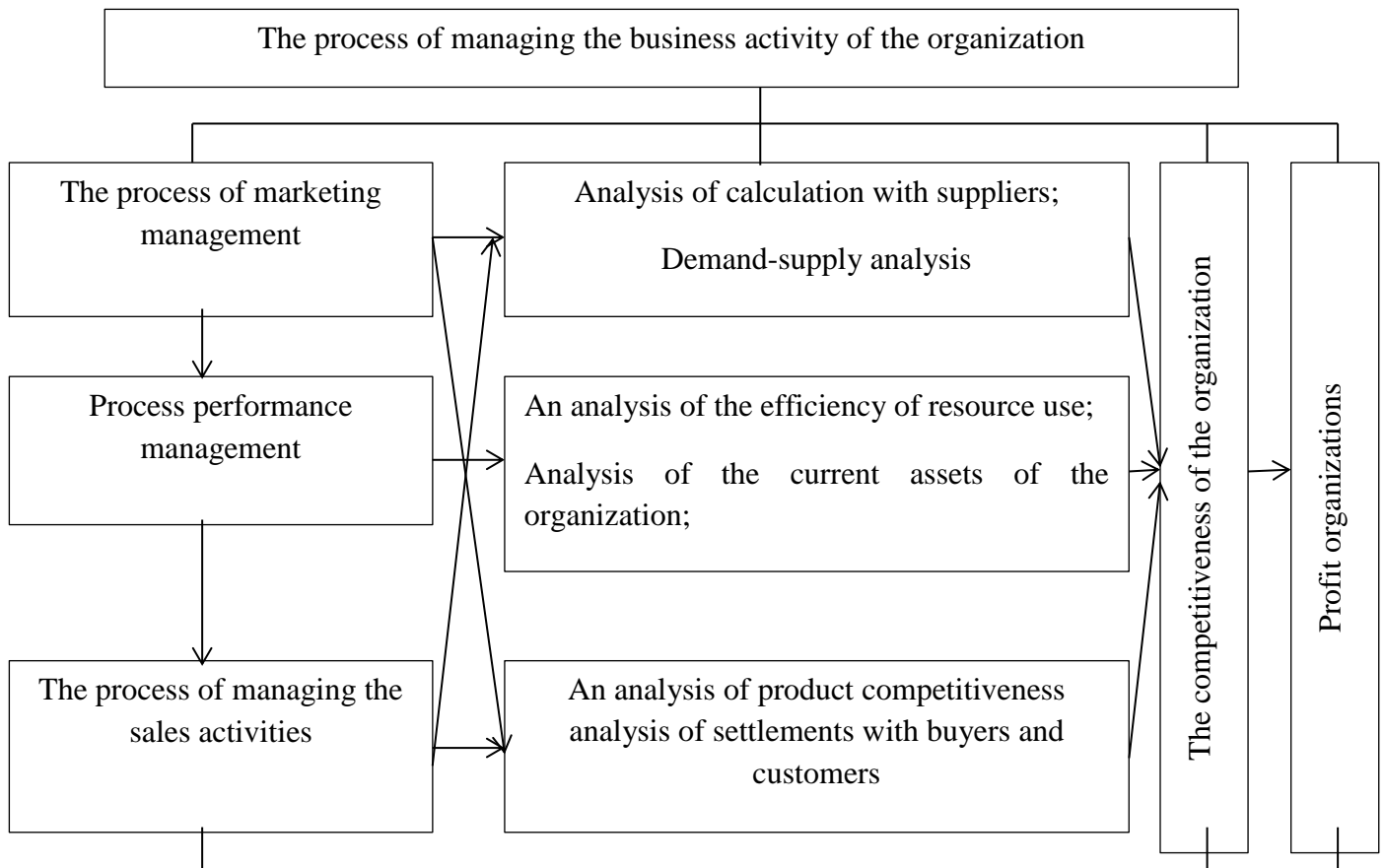
1.4. Management of business activity

Evaluation of the financial condition of stability and business activity is not only an important element of management. The results of this evaluation are the calling card, advertising, files, allowing determining the position of the company in contacts with representatives of various partner groups. The system of economic rankings of industrial, commercial, financial corporations in the developed capitalist countries, based on this assessment, clearly defined. It contains a fixed set of documents containing financial and economic indicators, which necessarily certified by an independent auditing firm for the year. The conclusion of the auditing firm, published in the media, along with the balance sheet, it is necessary not only for investors, shareholders, corporations, tax inspections, but also for banks and other lenders. High business activity is the best advertising in the modern business.

Management of business activity implies a development of activities aimed at increasing production (rendered services, works), while reducing costs and saving resources consumed.

The process of managing the business activity of the organization (Figure 1.3) Is a system of interconnected and interdependent economic indicators, reflecting all aspects of economic activities of the organization.

Fig. 1.3 The process of managing business activities



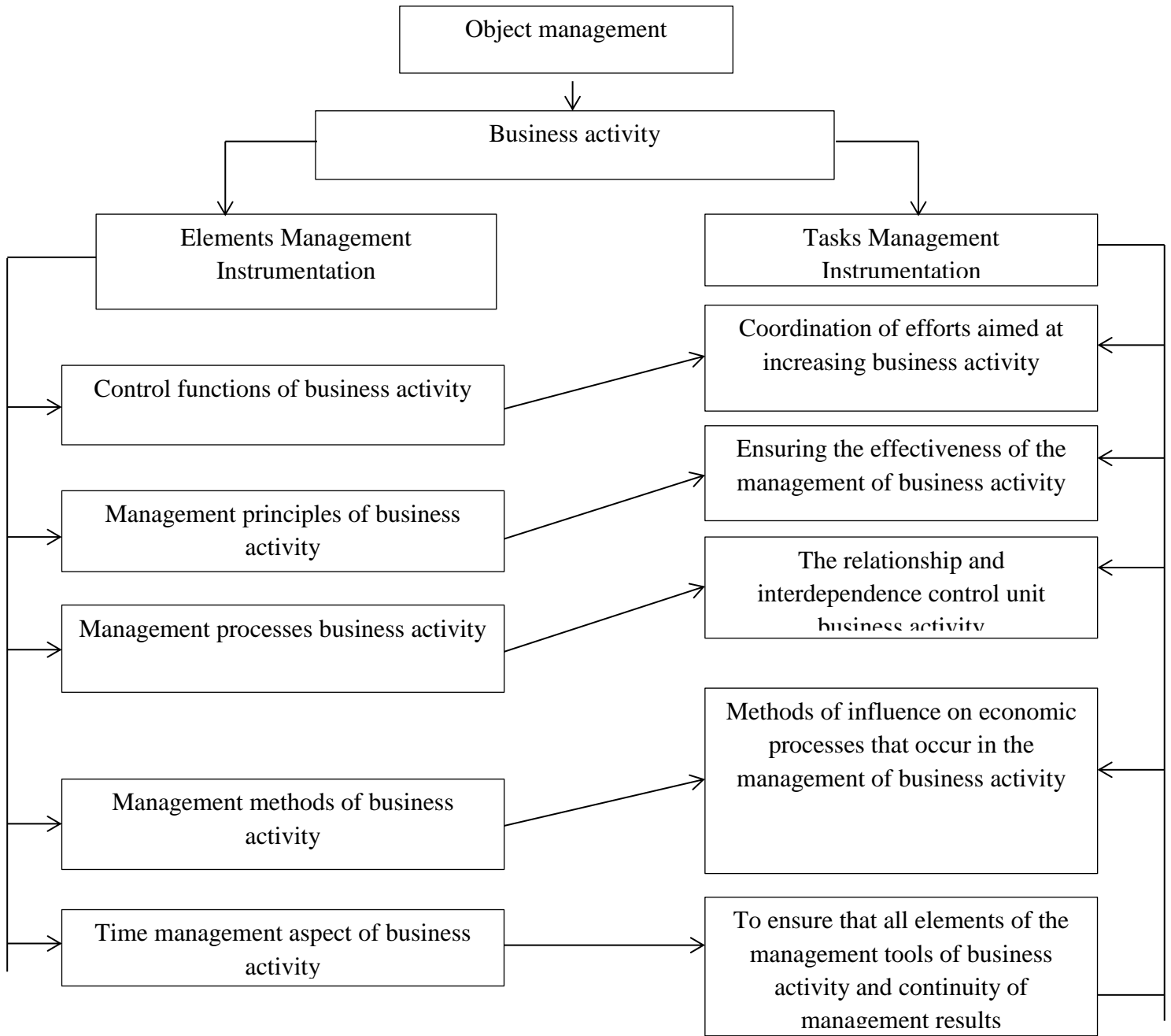
Source: Kreimen M.N., “Financial companies” (2009)

As seen in Figure 1.3 the management of business activities can be divided into three main blocs - the management of marketing activities, the process of performance management (the main activity) and the management of marketing activities.

The process of sales management is to analyze and assess the competitiveness of its products. That is, the study of similar products, the identification of weaknesses in competitors' products, in order to avoid these shortcomings in their products. Development of pricing, including the satisfaction of consumers of different income (production of "economy" - to «VIP» class). Another area of sales management is the analysis and evaluation of settlements with customers (consumers). From the velocity of circulation of funds in the calculations depend on the need for financial resources of the enterprise. Fewer funds deposited in accounts receivable, the faster these funds back into circulation and bring additional revenue.

To improve the management efficiency of business activity is required to define the basic elements and objectives of management. For these purposes, management tools developed business activity. Schematically, the composition of management tools business activity is shown in Figure 1.4

Fig. 1.4.Management Instrumentation of business activity



Source: Gerard Blokdiijk, "Business activity monitoring" (2013)

By the processes of business activity management tools include:

1. The development of business plans and specifications;
2. Gather the necessary information for the analysis of business activity; analysis of business activity;
3. Systematization of positive and negative aspects in business activity; finding ways to identify the reserves;
4. Development of managerial decisions.

Time management aspect of business activity involves ensuring the interaction of all elements of the equipment management business activity and continuity of management results. In order to improve management efficiency and ensure the stability of the enterprise, business activity management tools should work continuously and cover all factors (economic, political, social, organizational and legal) that affect the activity of the analyzed company.

Economic factors have an impact on the operations of the enterprise. It is the economic situation in the country; the effectiveness of the company (favorable or unfavorable); Established cooperation with contractors.

Social factors include the social aspects of the enterprise. These factors characterize the satisfaction of employees with social guarantees: provision of kindergartens, pay and benefits, the availability of social facilities, medical care, etc.

Organizational factors regulate the processes of production and labor; relationships within the team; as well as collaboration with suppliers and customers.

Regulatory factors affect the efficiency of economic activity of the enterprise. Such factors include the norms and standards developed by the company and established in law, business plans, technical and technological documentation.

Management of business activity begins with a statement of purpose that is to find out what comes first: the increase in production and more efficient use of resources or recovery of business activity in and out of the enterprise from the crisis. Depending on the goal formulated management tasks.

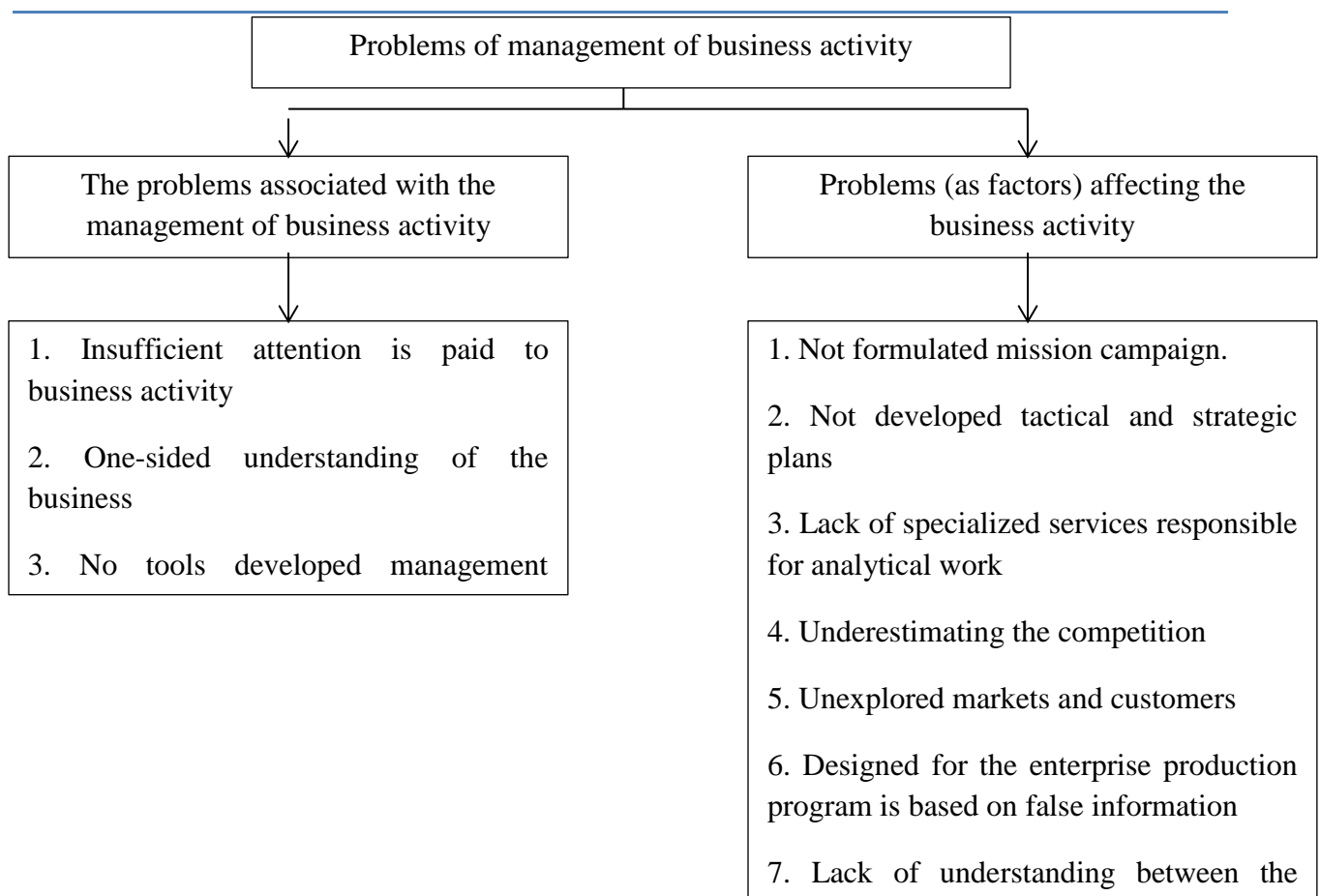
Then, depending on the objective selected scorecard for analysis. The same set of indicators depends on the type of the company.

At the next stage selected techniques and methods of analysis. Evaluate existing software products, developed their own worksheets.

In managing the business activities senior managers must face a number of challenges, which can be roughly divided into two types:

1. The problems associated with the management of business activity;
2. The factors affecting economic activity (Figure 1.5).

Fig. 1.5 Problems of management of business activity



Source: Gerard Blokdijk, "Business activity monitoring" (2013)

The modern system of management functions to improve business organization can be represented by the following list of basic tasks:

1. The coordination and integration of efforts of all employees of the organization toward a common goal;
2. The organization of cooperation and liaison between the working groups and individual members of the organization;
3. The collection, evaluation, processing and storage of information;
4. Distribution of material and human resources;
5. Contact with the outside organizations, negotiations, marketing and promotional activities;
6. Innovation;
7. The planning, monitoring the execution of the correction of the activities depending on changes in working conditions.

In analyzing the above list management tasks, it is evident that the problems of modern management organization mainly related:

1. The deteriorating socio - economic situation in the country and the world;
2. to the large number of competitors;
3. The need to create a flexible system of economic and psychological motivation that would increase employees' interest in achieving the objectives of the organization.
4. The increasing complexity of the structure of the organization;
5. The development of communication within the organization, and to communicate with the outside world.

To address these challenges, managers must possess not only a remarkable organizational skills, a good knowledge of economics, technology, production, finance, accounting, etc., but also to have at their disposal a powerful and hard-working "toolkit" that provides the ability to effectively manage business activities enterprise. By "tools" means a package developed by professionals Model guidance documents on the definition, for example, work norms,

norms of consumption of raw materials to produce a unit of output, the use of equipment standards, norms inventory of norms and standards for working capital, etc.

Western businessmen have long discovered that the regulatory methods are more economical. Many foreign authors always noted the need for such a valuation. The basis for effective analysis, assessment and monitoring of the result can only be a regulatory framework on all elements of organized and existing in the organization. The fact that the cost, the sales of the finished product or the resulting revenue - is integral, generalizing indicators and orientation only on their analysis makes it impossible to assess how the individual life business. Comparison of the results with the norms of the individual elements to evaluate, how to function in the reporting period or that unit, results of operations specifically which ones resulted, for example, an increase or decrease in the volume of sales and how. Availability of standards makes it possible to put a new task services organization to check its performance in this next period. In addition, the rules make it possible to identify existing reserves and identify ways for their further use.

2 Chapter. Analysis and evaluation of the financial and economic activity of the enterprise (in the example of the “Public transport and commercial joint-stock company: Ak-Zhol”

2.1. Brief organizational and economic characteristics of Public transport and commercial joint-stock company: “Ak-Zhol”

Enterprise Open Transport Service Joint Stock Company was established March 26, 2007.

Enterprise "Ak-Jol" under the legislation of the Kyrgyz Republic is a legal entity and has its own assets recorded on the balance sheet, "Ak-Zhol" has a settlement and currency accounts.

The main activities are the provision of transport services to businesses and individuals.

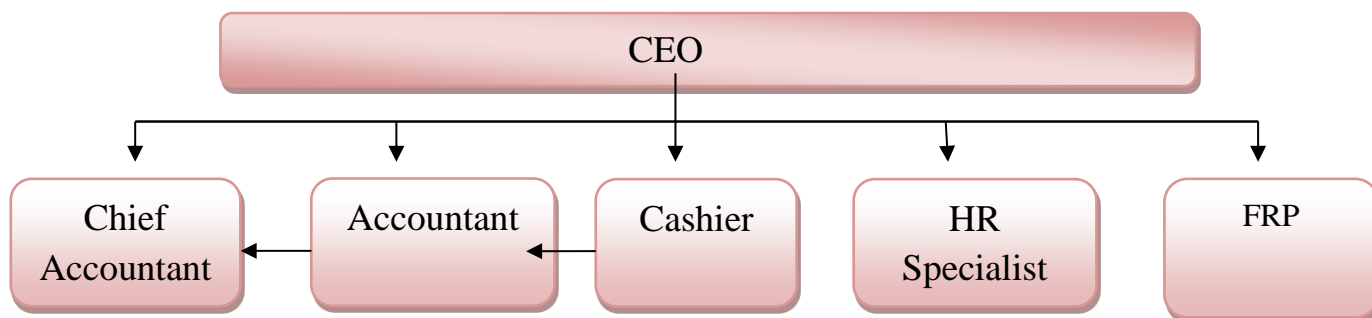
The company is also the right to engage in other activities:

Such as the organization of the repair, maintenance and servicing of vehicles and many other species. One of the largest transportation companies in the past, today in connection with the restructuring of the state has suffered a lot of damage. And that would not bankrupt the company is making all sorts of measures to support large-scale enterprise at the same time operates in the direction of production and sales of all kinds of mesh and nails, used for repair and construction, as well as engaged in the delivery of vacant space to lease.

According to the legal form of a - of private property.

Location of the Public transport and commercial joint-stock company: “Ak-Zhol”: 720031, Bishkek, str. Kulatova, 8/1.

The organizational structure is shown in Figure 2.1.:



Source: Own input, based on organizational report of "Ak-Zhol".

As seen in Figure 2.1., General Manager of the Public transport and commercial joint-stock company is the CEO. His direct reports are Chief Accountant, HR Specialist, and FRP (Financially Responsible person).

Management of the company is carried out by the General Director. General Director organizes the work and effective interaction of the enterprise, directing its activities to achieve high economic performance, the development and improvement of production. Supervises all activities of the enterprise, realizing the full rights under the laws of the Kyrgyz Republic. Organizes the implementation of enterprise established production and financial plans, agreements, the existing legislation of the Kyrgyz Republic, orders, instructions and directives.

Accounting at Public transport and commercial joint-stock company: “Ak-Zhol” is conducted in accordance with the accounting policies adopted by the General Director, developed in accordance with the Accounting Regulations. Accounting of Public transport and commercial joint-stock company: “Ak-Zhol” is automated and carried out using a standard chart of accounts. Accounting is headed by chief accountant - he carries out on the basis of the provisions of the chief accountant, accounting organization of economic-financial activity, and control of the economical use of material, labor and financial resources. It provides rational organization of accounting and reporting at the enterprise, organizes accounting of incoming funds of inventory and fixed assets. Timely reflected in the accounts of the accounting operations associated with their movement, the account of costs of production and circulation, the performance cost estimations, sales of products, execution of works (services), the result of economic and financial activity of the enterprise, as well as financial, payroll and credit operations, control legality, timeliness and accuracy of their design, calculations of wages to employees. The correct calculation and transfer of payments to the state budget.

Accountant performs acceptance and control of the primary documentation of the relevant sections of the account. It reflected in the accounting transactions related to the movement of inventory. Performs work on accounting of inventory held accountable to have materially responsible persons, accounting settlements with customers and suppliers, accounting costs. Draws up inventories of value added taxes, reports on the use of forms of VAT invoices,

reports, sales tax, social fund, and income tax. Prepares for the relevant areas of statistical reporting, as well as data for the compilation of financial statements and declarations. Accountant also performs payroll, including premiums, bonuses, etc. Workers and employees of the company, accrued vacation pay amounts of temporary disability benefits, maternity leave, other benefits to workers and employees of the enterprise. Withholding income taxes, pension contributions and other payments from the wages of workers and employees of the enterprise.

Cashier operates on admission operation, registration, distribution and storage of cash and securities with mandatory compliance with the rules, ensuring their safety. Gets on registration in accordance with established procedures, documents, cash and securities in the institutions of the State Bank for the payment of workers and employees pay, bonuses, payment of travel and other expenses.

Search and selection of the employees is carried out by the experts of *HR department*, which manages to hire skilled professionals to the enterprise, and requires special qualifications, in accordance with the plan of work and wages. Draws appointments, transfers and dismissals of employees in accordance with the Labor Code regulations and instructions. Orders of the head of the company, produces various kinds of help to employees, keeps records of the personnel of the enterprise. Storage, keeping the filling of labor books, keeps the set of documentation on the staff, keeps track of time workers, and keeps job descriptions of employees.

For staff salaries are set monthly salaries. Public transport and commercial joint-stock company: “Ak-Zhol” uses two systems of payment: the tax system salary and time-bonus salary.

Labor junior staff is paid individually by the time-bonus system and the employees of higher categories are paid according to the tax system.

In accordance with the standard provisions on the time-bonus system of wages, Manager develops specific provisions, which specifies parameters and conditions of bonuses, the size of bonuses on trades, as well as a list of manufacturing flaws for which employees can be denied the prize completely or partially.

For the wages of managers and employees are set monthly salaries. In addition to salaries, executives and employees in carrying out established quantitative and economic performance bonuses that are paid from the fund of material incentives.

Payment for overtime and holidays. Overtime is compensated with a daily account of the employees working hours at time-bonus payment for their work in the following amounts: for every first 2 hours - paid as a-half; but for all subsequent - as a double. Overtime is not compensated by time off. Surcharge for night work is performed at a rate of 35% of salary for the hour every hour. Night is considered the local time from 10pm to 6 am.

Work on public holidays is paid at double the rate. At the request of the worker or employee to work on a public holiday may be represented by another day of rest.

2.2. Structural analysis of the company's assets and its financial position for the financial planning.

The assets of the company consist of non-current and current (current) assets. Therefore, the most common asset structure describes the ratio of current and non-current assets.

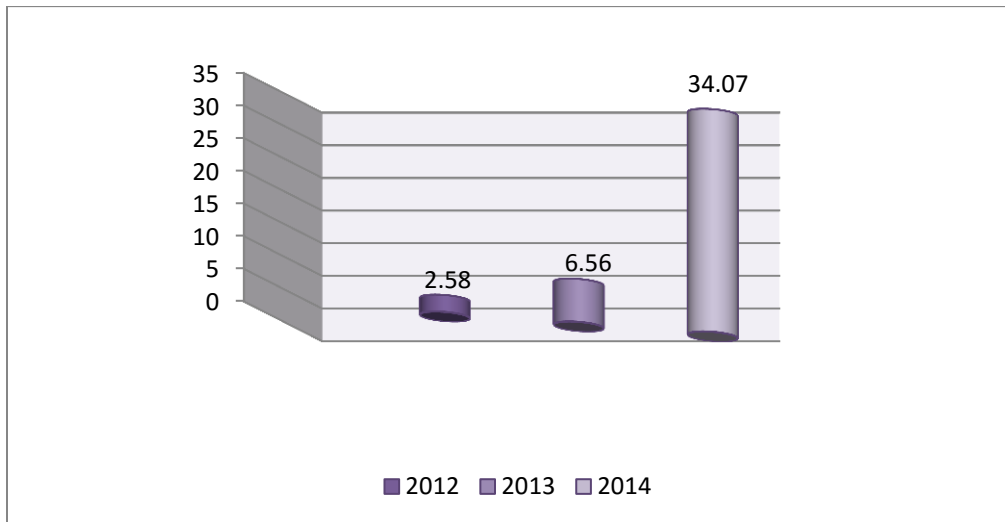
$$\text{Compliance rate} = \frac{\text{Current assets}}{\text{Fixed assets}}$$

$$\text{Compliance rate}^{2012} = \frac{2043,2}{792,1} = 2,58 \text{ C}$$

$$\text{Compliance rate}^{2013} = \frac{4246,8}{647,4} = 6,56$$

$$\text{Compliance rate}^{2014} = \frac{7148,2}{209,8} = 34,07$$

Figure 2.2 The ratio of current assets and non-current assets for the period 2012-2014



Source: Own input, based on annual report of "Ak-Zhol".

Figure 2.2 clearly shows us that in 2014 there was an increase of 27.51% compared with year 2013 and has changed for almost 32% compared with 2012. The share of current assets is significantly higher than the proportion of non-current assets.

The disposal of the enterprise allows us to give an overall assessment of current assets in the property of assets of balance sheet. We can see it in figures which are presented in Table 2.

Table 2.1 Analysis of the structure of assets of the enterprise (thousands soms)

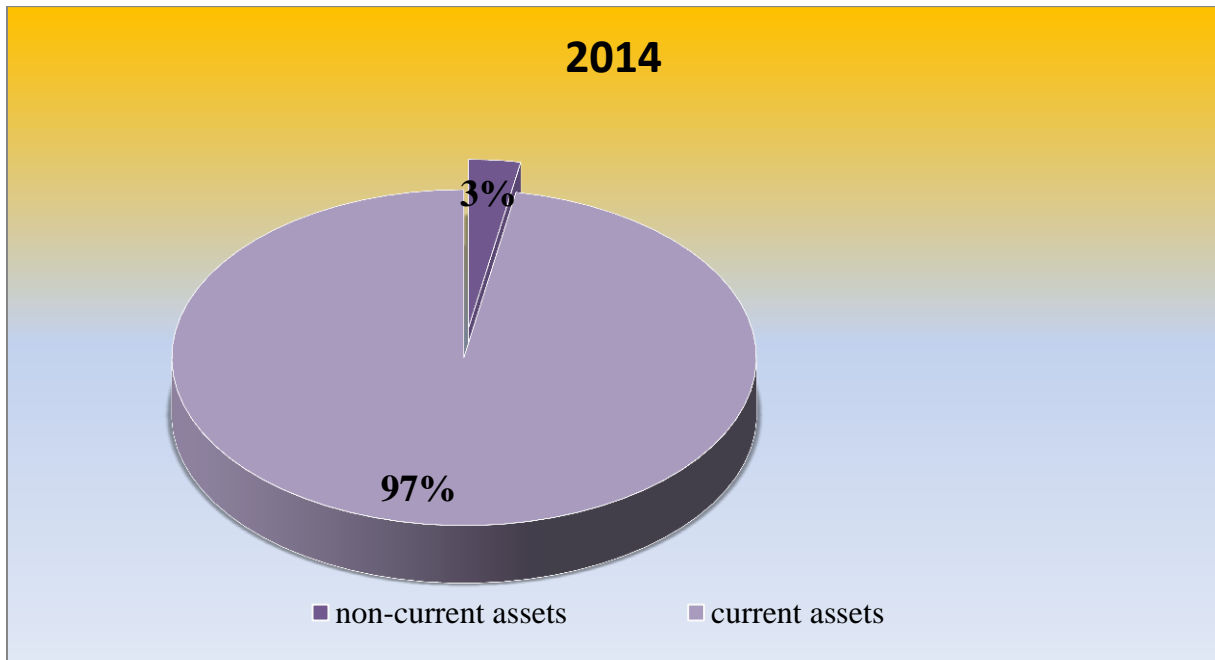
Indicators	Absolute values			The share (%) in total assets			Changes			
	2012	2013	2014	2012	2013	2014	In absolute terms		The densities	
							2012 and 2014	2013 and 2014	2012 and 2014	2013 and 2014
Fixed assets	792,1	647,4	209,8	28	13	3	-582,3	-437,6	-25	-10
Current assets	2043,2	4246,8	7148,2	72	87	97	5105,0	2901,4	25	10
Total assets	2835,3	4894,2	7358,0	100	100	100	4522,7	2463,8	—	—
The ratio of current and non-current assets	2,58	6,56	34,07							

Source: Own calculations, based on annual reports of the company "Ak-Zhol".

Analyzing the table below, you can see that in 2014 a large share in the structure of assets of the enterprise takes current assets. Their number in 2014 was 7148.2 thousand soms, which is 97% of the balance sheet. Compared to the year 2013 current assets increased by 2901.4 thousand soms. In turn, the non-current assets of the company in 2014 amounted to only 209.8 thousand soms. Compared to the year 2013 non-current assets of the company decreased by 437.6 thousand soms, and in alignment with 2012 to 582.3 thousand soms, which means by 67.5% in comparison with 2013 year and by 73.5% in comparison with 2012 of the balance sheet. Despite the quantitative increase of current and non-current assets, the share of current assets increased by 10%, while the share of non-current assets decreased by 10%.

The graph below will let us illustrate graphically the structure of assets of the enterprise in 2014 (Figure 2.3.)

Figure 2.3 The assets of the company



Source: Own input, based on annual report of "Ak-Zhol".

Figure 2.3 clearly shows that the proportion of current assets in 2014, significantly higher than the proportion of non-current assets of the difference in specific gravity is 94%. This indicates that the company main activity is at the expense of current assets, which include balance sheets: cash in hand and bank, short-term investments, accounts receivable, accounts receivable on other transactions, inventories, supplies background material and prepayments.

A detailed analysis of the structure of current assets of the enterprise shown in table **Table 2.2** below:

Table 2.2 Analysis of the structure of current assets (thousands soms)

Indicators	Absolute values			The share (%) in total assets		
	2012	2013	2014	2012	2013	2014
Cash on hand	0,1	66,2	820,0	0,01	1,56	11,47
Cash in the bank	7,0	0,1	—	0,34	0,002	—
Short-term investments	—	271,8	1899,2	—	6,40	26,57
Accounts receivable	223,9	97,2	670,9	10,96	2,288	9,38
Receivables on other transactions	69,8	31,0	63,0	3,42	0,73	0,88
Inventories	1647,5	2492,9	3626,1	80,63	58,70	50,73
Inventories supporting materials	82,4	15,3	—	4,03	0,36	—
Prepayments	12,5	1272,3	69,0	0,61	29,96	0,97
<i>Итого</i>	<i>2043,2</i>	<i>4246,8</i>	<i>7148,2</i>	<i>100</i>	<i>100</i>	<i>100</i>

Source Own calculations, based on annual reports of the company "Ak-Zhol".

From Table 2.2 it is evident that the largest share in the structure of current assets of enterprises occupies inventories and short-term investments. In 2013 inventories amounted to 2492.9 thousand soms, and in 2014 to 3626.1 thousand soms. The specific weight of this index in 2013 holds 58.70% of the overall structure of current assets and 50.73% in 2014.

In turn, short-term investments in 2013 amounted to 271.8 thousand soms, and in 2014 - 1899.2 thousand soms. The lowest share falls on cash in bank reserves and supporting materials. In

2014, we do not see the share of cash in the bank, as well as the proportion of supporting materials stocks. Other indicators have not changed significantly, and the change of their values as well as the proportion can be seen in Table 2.2.

Based on table 2.2 I calculated the changes in analyzing the structure of the current assets of the enterprise:

Table 2.3 Changes in the analysis of the structure of current assets (thousand soms)

Indicators	Changes			
	In absolute terms		The densities	
	2012 and 2014	2013 and 2014	2012 and 2014	2013 and 2014
Cash on hand	819,9	753,80	11,46	9,91
Cash in the bank	-7,0	-0,1	-0,34	-0,002
Short-term investments	1899,2	1627,4	26,57	20,17
Accounts receivable	447,0	573,7	-1,58	7,092
Receivables on other transactions	-6,8	32,0	-2,54	0,15
Inventories	1978,6	1133,2	-29,9	-7,97
Inventories of supporting materials	-82,4	-15,3	-4,03	-0,36
Prepayments	56,5	-1203,3	0,36	-28,99
	5105,0	2901,4	—	—

Source: Own calculations, based on annual reports of the company "Ak-Zhol".

From the table 2.3 we can see that the share of inventories in 2014, compared with 2012, decreased by 29.9%.

In turn, in 2014, the share of short-term investments compared with 2013 increased by 20.17%, and in comparison with 2012 to 26.57%.

I drew an analysis of the structure of non-current assets of the enterprise which you can see in the table 2.4:

Table 2.4 Analysis of the structure of non-current assets (thousand soms)

Indicators	Absolute values			The share (%) in total assets			Changes			
	2012	2013	2014	2012	2013	2014	In absolute terms		The densities	
							2012 and 2014	2013 and 2014	2012 and 2014	2013 and 2014
The carrying value of fixed assets	778,0	637,2	203,4	98,22	98,42	96,95	-574,6	-433,8	-1,27	-1,47
The carrying value of non-current assets	14,1	10,2	6,4	1,78	1,58	3,05	-7,7	-3,8	1,27	1,47
<i>In total</i>	<i>792,1</i>	<i>647,4</i>	<i>209,8</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>-582,3</i>	<i>-437,6</i>	<i>—</i>	<i>—</i>

Source: Own calculations, based on annual reports of the company "Ak-Zhol".

As we can see, the largest share in the structure of non-current assets of the enterprise takes the book value of fixed assets. Its value in 2013 amounted to 637.2 thousand soms. In 2014, its value amounted to 203.4 thousand soms. The highest peak was in 2012 - 778.0 thousand soms. In 2014, its share has decreased by 1.47% compared to the year 2013 and by 1.27% as compared with 2012. The lowest share in the structure of non-current assets takes the book value of

intangible assets. The value of the index amounted to 14.1 thousand soms in 2012 and 6.4 thousand soms in 2014. The overall structure of the capital in 2014, has decreased by 1.47% compared to the year 2013 and by 1.27% as compared with 2012.

The Liabilities of the businesses consist of equity and debt capital. A detailed analysis of the structure of liabilities of the enterprise for the period 2012 - 2014 is shown in the table 2.5:

Analysis of the structure of liabilities (thousand soms) Table 2.5

Indicators	Absolute values			The share (%) in total assets			Changes			
	2012	2013	2014	2012	2013	2014	In absolute terms		The densities	
							2013 and 2014	2012 and 2014	2013 and 2014	2012 and 2014
5. Shareholder's' equity:										
Authorized capital	56,6	56,6	56,6	2,0	1,0	1,0	—	—	-1,0	—
Other capital	888,6	888,6	888,6	31,0	18,0	12,0	—	—	-19,0	-6,0
Retained earnings	645,7	1927,6	5491,4	23,0	40,0	74,0	4845,7	3563,8	51,0	34,0
Total section 5	1590,9	2872,8	6436,6	56,0	59,0	87,0	4845,7	3563,8	31,0	28,0
3. Current liabilities:										
Accounts Payable	261,4	280,9	106,9	9,0	5,0	1,0	-154,5	-174,0	-8,0	-4,0
Advances received	418,4	175,4	511,2	15,0	3,0	7,0	92,8	335,8	-8,0	4,0
Short-term debt	57,1	1413,8	—	2,0	29,0	—	-57,1	-1413,8	-2,0	-29,0
Taxes payable	413,2	133,4	269,6	15,0	3,0	4,0	-143,6	136,2	-11,0	1,0
Short-term accrued liabilities	94,2	17,9	33,7	3,0	1,0	1,0	-60,5	15,8	-2,0	—
Total section 3	1244,3	2021,4	921,4	44,0	41,0	13,0	-322,9	-1100,0	-31,0	-28,0
Total balance	2835,2	4894,2	7358,0	100	100	100	4522,8	2463,8	—	—
Equity ratio	0,56	0,59	0,87							

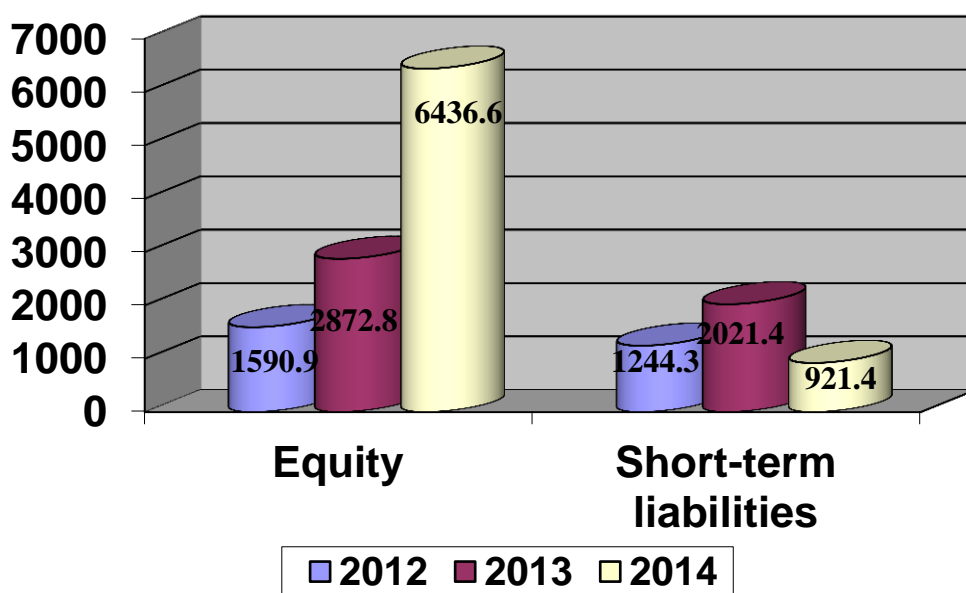
Own calculations, based on annual reports of the company "Ak-Zhol".

Shareholders' equity in 2012 was 1590.9 thousand soms, which is 56% and in 2012 the equity was 6436.6 thousand soms, which accounted for 87% in the total equity.

Short-term liabilities to total capital in 2014 amounted to 921.4 thousand soms, which accounted for 13.0% in the total equity. It can be seen that the sum of short-term liabilities decreased by 1100.0 thousand soms in comparison with 2013 year and to 322.9 compared with 2012. The share has decreased by 0.28%. Autonomy ratio increased from 0.56% to 0.87%, compared with 2012 and by 0.28% in comparison with 2013 year. This means that the company can meet its obligations from its own assets.

For a better view I illustrated the structure of liabilities of the company graphically:

Fig.2.4 Liabilities Company



Source: Own input, based on annual report of "Ak-Zhol".

As shown in Figure 2.4 for the analyzed period 2012-2014, the equity has increased from 1590.9 thousand soms in 2012 to 6436.6 thousand soms in 2014. In turn, as current liabilities in 2014 decreased to 322.9 thousand soms in comparison with 2012 and amounted to 921.4 thousand soms. The figure also shows that the largest part of the money falls on equity.

The autonomy ratio characterizes the structure of liabilities the best (independence, solvency):

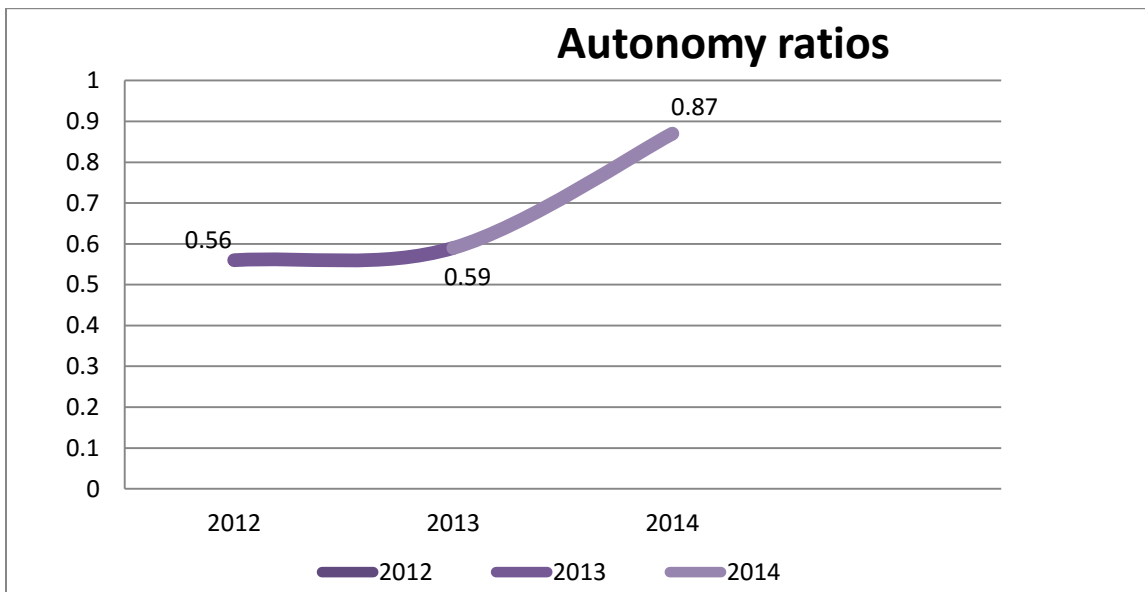
$$\textit{Autonomy ratio} = \frac{\textit{Equity}}{\textit{Business capital}}$$

$$\textit{Autonomy ratio}^{2012} = \frac{1590,9}{2835,3} = 0,56$$

$$\textit{Autonomy ratio}^{2013} = \frac{2872,8}{4894,2} = 0,59$$

$$\textit{Autonomy ratio}^{2014} = \frac{6436,6}{7358,0} = 0,87$$

Figure 2.5 Autonomy ratios for the period 2012-2014



Source: Own input, based on annual report of "Ak-Zhol".

As seen in figure 2.5, autonomy ratio increased to 0.03% in 2013 and to 0.28% in 2014. It can be concluded that the enterprise is quite independent, since the value of the index for the period 2012-2014 has not fallen below the standard.

For a better understanding, I made the analysis of the structure of own capital in the enterprise, we can see it in table 2.6:

Table 2.6 Analysis of the structure of own capital of the enterprise (thousand soms).

Indicators	Absolute values			The share (%) in total assets			Changes			
	2012	2013	2014	2012	2013	2014	In absolute terms		The densities	
							2013 and 2014	2012 and 2014	2013 and 2014	2012 and 2014
Authorized capital	56,6	56,6	56,6	4,0	2,0	1,0	—	—	-3,0	-1,0
Other capital	888,6	888,6	888,6	56,0	31,0	14,0	—	—	-42,0	-17,0
Retained earnings	645,7	1927,6	5491,4	40,0	67,0	85,0	4845,7	3563,8	45,0	18,0
In total	1590,9	2872,8	6436,6	100	100	100	4845,7	3563,8	—	—

Source: Own calculations, based on annual reports of the company "Ak-Zhol".

Other capital remained unchanged, but its share in the structure of equity decreased by 17% compared with 2012, and by 42% compared to the year 2013. As in 2014 the “other capital” amounted to 14% of the equity compared to 2012, which remained 56%. Retained earnings in 2014 changed to 4845.7 thousand soms in comparison with the year 2013 - by 45.0%, and to 3563.8 thousand soms -by 18% compared to 2012. In the overall structure of equity, retained earnings, in 2013 amounted to 67.0%, and in 2014 to 85.0%. Compared with the previous year figure has increased by 18.0%.

I have calculated the rate of accumulation of own capital (equity) according to the table 2.6:

$$\text{Accumulation ratio} = \frac{\text{Reserve fund} + \text{Retained earnings} (-\text{Loss})}{\text{Equity}}$$

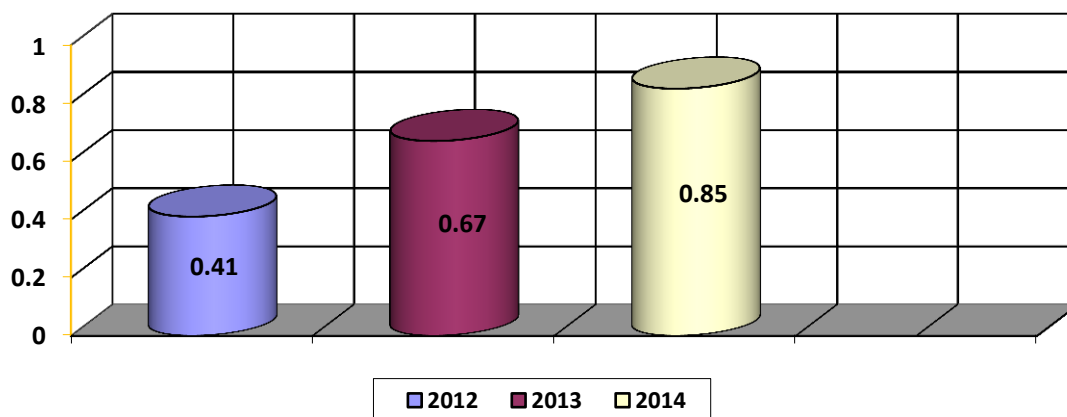
$$AR^{2012} = \frac{645,7}{1590,9} = 0,41$$

$$AR^{2013} = \frac{1927,6}{2872,8} = 0,67$$

$$AR^{2014} = \frac{5491,4}{6436,6} = 0,85$$

I draw a diagram to illustrate the changes of this ratio:

Figure 2.6 Ratio of own capital (equity) accumulation



Source: Own input, based on annual report of "Ak-Zhol".

This indicator characterizes the use of its own funds for the development of core business. As we can see in Figure 2.6, this ratio is increasing, it indicates that there is an accumulation of own capital. And in 2014 this figure increased by 0.18% in comparison with 2013 year and by 0.44% in comparison with 2012.

After the structural analysis of assets and liabilities, it is necessary to analyze the financial stability, solvency and the business activity of the enterprise.

Financial stability indicators

The financial stability of the enterprise is a power of security stocks and expenses of own and borrowed sources of their formation.

1. Equity ratio:

$$\text{Equity Ratio} = \frac{\text{Total Equity}}{\text{Total Assets}}$$

$$\text{Equity Ratio}^{2012} = \frac{1590,9}{2835,3} = 0,56$$

$$\text{Equity Ratio}^{2013} = \frac{2872,8}{4894,2} = 0,59$$

$$\text{Equity Ratio}^{2014} = \frac{6436,6}{7358,0} = 0,87$$

We see an increase in Equity Ratio in the period from 2012 to 2014 to 0.03% in 2013, and 0.28% in 2014. It can be concluded that the enterprise is quite independent, since the value of the index for the period 2012-2014 has not fallen below the standard.

2. Fixed assets to equity ratio:

$$\text{Fixed assets to equity ratio} = \frac{\text{Fixed Assets}}{\text{Stockholder's Equity}}$$

$$\text{Fixed assets to equity ratio}^{2012} = \frac{792,1}{1590,9} = 0,50$$

$$\text{Fixed assets to equity ratio}^{2013} = \frac{647,4}{2872,8} = 0,23$$

$$\text{Fixed assets to equity ratio}^{2014} = \frac{209,8}{6436,6} = 0,03$$

The approximate value of this indicator is 0.5 - 0.8. If the value of the index is above 0.8, conclusions are drawn and it attracts long-term loans and credits for the formation of the fixed assets, which is quite justified. The index value for 2014 is amounted to 0.03 which is relatively low and it indicates that the company does not have its own capital for the formation of fixed assets.

3. Net working capital to current assets:

$$\text{NWC to CA} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

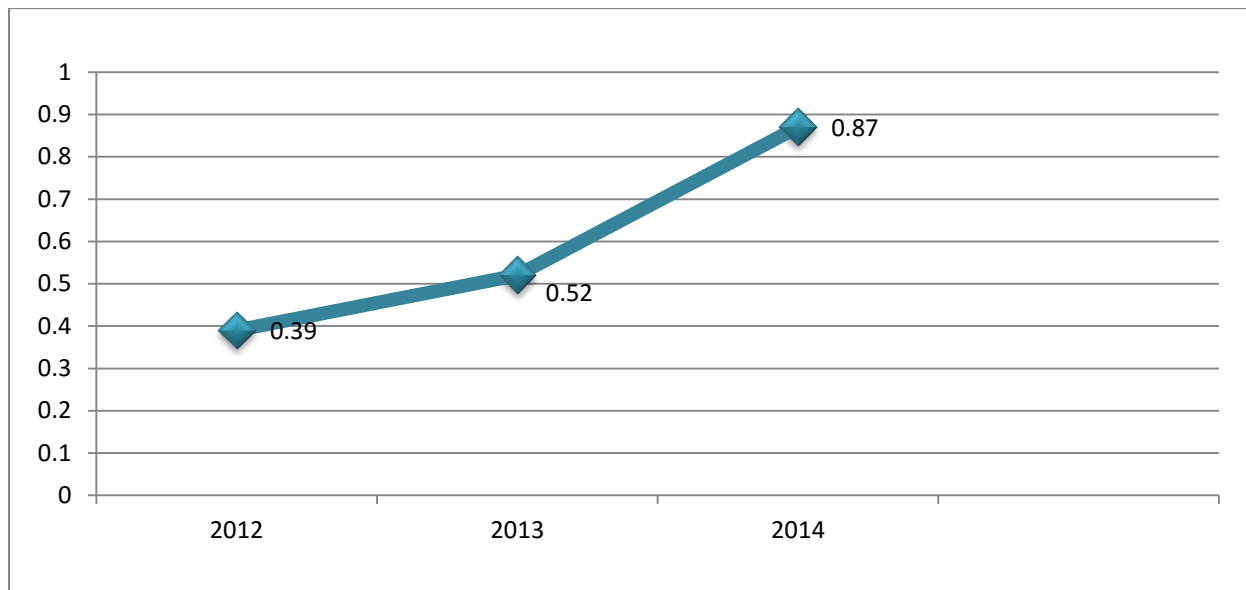
$$NWC \text{ to } CA^{2012} = \frac{1590,9 - 792,1}{2043,2} = 0,39$$

$$NWC \text{ to } CA^{2013} = \frac{2872,8 - 647,4}{4246,8} = 0,52$$

$$NWC \text{ to } CA^{2014} = \frac{6436,6 - 209,8}{7148,2} = 0,87$$

The graphically illustrated change of a ratio of current assets can be seen below:

Fig.2.7 The current ratio for the period 2012-2014



Source: Own input, based on annual report of "Ak-Zhol".

The minimum value of this indicator is 0.1. When this indicator is lower than the value of its balance sheet it is recognized as unsatisfactory, and the company is bankrupt.

As we can see in Figure 2.7, in 2012, there was an increase in provision of working capital of its own sources of the company. Since the value of our ratio for the period 2012-2014 had not fallen below the norm, we can say that the company is fully solvent. And it can meet its obligations.

4. Asset coverage ratio:

$$\text{Asset coverage ratio} = \frac{\text{Net Working capital}}{\text{Inventories}}$$

$$\text{Asset coverage ratio}^{2012} = \frac{1590,9 - 792,1}{82,4 + 1647,5} = 0,46$$

$$\text{Asset coverage ratio}^{2013} = \frac{2872,8 - 647,4}{15,3 + 2492,9} = 0,89$$

$$\text{Asset coverage ratio}^{2014} = \frac{6436,6 - 209,8}{3626,1} = 1,72$$

The standard value of this ratio is 0.6, because only in 2012, the ratio of the company has not reached this figure - was revealed an acute shortage of security reserves own working capital. But the same can be noted in 2013-2014, we see the growth of this ratio, which is much higher than the standard value. Consequently, the company at this stage has a full software reserves their own working capital.

5. *Ratio of mobile (current) assets to immobile (fixed) assets:*

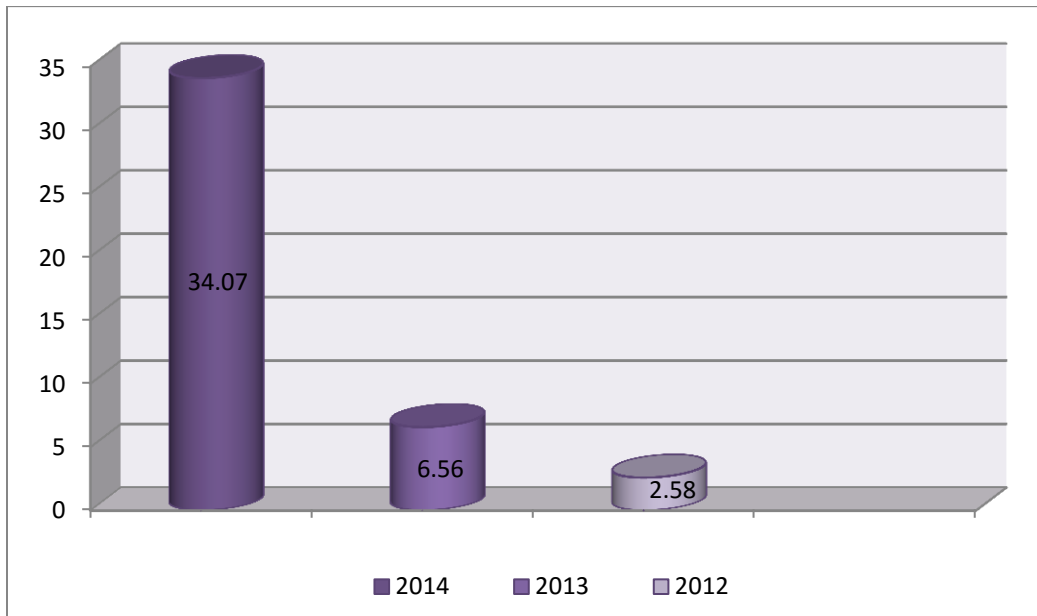
$$\text{Ratio of CA to FA} = \frac{\text{Current assets}}{\text{Fixed assets}}$$

$$\text{Ratio}^{2012} = \frac{2043,2}{792,1} = 2,58$$

$$\text{Ratio}^{2013} = \frac{4246,8}{647,4} = 6,56$$

$$\text{Ratio}^{2014} = \frac{7148,2}{209,8} = 34,07$$

Figure 2.8 The ratio of current and fixed assets in the period 2012-2014



Source: Own input, based on annual report of "Ak-Zhol".

As shown in Figure 2.8, the ratio in 2014 increased significantly compared with 2013 year to 27.51, and in comparison with 2012 to 31.49. This indicates an increase in the share of working capital.

6. Ratio of mobile (fixed) assets to immobile (current) assets:

$$\text{Ratio of FA to CA} = \frac{\text{Fixed assets}}{\text{Current assets}}$$

$$\text{Ratio of FA to CA}^{2012} = \frac{792,1}{2043,2} = 0,39$$

$$\text{Ratio of FA to CA}^{2013} = \frac{647,4}{4246,8} = 0,15$$

$$\text{Ratio of FA to CA}^{2014} = \frac{209,8}{7148,2} = 0,03$$

This figure is the reciprocal to previous one and indicates the predominance of current assets over fixed assets. In 2014, this figure decreased by 0.12% compared to the year 2013 and by 0.36% in comparison with 2012. This suggests that fixed assets have reduced their dominance in total assets of the balance sheet.

Enterprise solvency

Enterprise solvency is determined by its ability to timely and fully meet the payment obligations arising from trade, credit and other transactions related to money. Solvency affects the modalities of commercial transactions, including the possibility of obtaining a loan. And it is characterized by the following indicators:

1. *Current ratio:*

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Current Ratio (2012)} = \frac{2043,2}{1244,3} = 1,64$$

$$\text{Current Ratio (2013)} = \frac{4246,8}{2021,4} = 2,1$$

$$\text{Current Ratio (2014)} = \frac{7148,2}{921,4} = 7,76$$

This ratio characterizes the sufficiency of working capital to repay the debt during the year. The standard value of the Current ratio < 1.5 - as the value of this ratio above the normal, I can say that the company is fully capable to liquidate their debts ahead of time.

2. *The cash ratio:*

$$\text{Cash Ratio} = \frac{\text{Cash}}{\text{Current Liabilities}}$$

$$\text{Cash Ratio (2012)} = \frac{7,0}{1244,3} * 100 = 0,56\%$$

$$\text{Cash Ratio (2013)} = \frac{66,3}{2021,4} * 100 = 3,28\%$$

$$\text{Cash Ratio (2014)} = \frac{820,0}{921,4} * 100 = 89,00\%$$

Ratio characterizes the readiness of the company to immediately eliminate short-term debt. We see an increase in this ratio - which is a positive change.

3. *The Quick Ratio:*

$$\text{Quick Ratio} = \frac{\text{Inventory}}{\text{Current Liability}}$$

$$\text{Quick Ratio (2012)} = \frac{1647,5}{1244,3} * 100 = 132\%$$

$$\text{Quick Ratio (2013)} = \frac{2492,9}{2021,4} * 100 = 123\%$$

$$\text{Quick Ratio (2014)} = \frac{3626,1}{921,4} * 100 = 394\%$$

In the absence of venture funds and funds in the calculations, it can pay off some short-term obligations by implementing inventory items. As seen from the above calculations made, this index increased compared with 2012 by 262% and 271% compared with the 2013 year. This suggests that the liquidity of inventory the company is growing, which is a positive trend.

2.3. Assessment of business activity (in the example of Public transport and commercial joint-stock company: “Ak-Zhol”)

Business activity reflects the performance of the enterprise with respect to the value of resources, or advances the values of their consumption in the production process, and is characterized by the following factors:

1. Assets Turnover Ratio:

$$\text{Asset Turnover} = \frac{\text{Sales of Revenue}}{\sum \text{Total Assets}}$$

2012:

$$\sum \text{Assets (aver. annual)} = \frac{\sum A_{start} + \sum A_{end}}{2} = \frac{945,2 + 2835,3}{2} = 1890,25 \text{ soms.}$$

$$\text{Asset Turnover} = \frac{\text{Sales of Revenue}}{\sum \text{Assets}_{\text{avar.annual}}} = \frac{20227,7}{1890,25} = 10,70$$

2013:

$$\sum A_{\text{aver.annual}} = \frac{\sum A_{\text{start}} + \sum A_{\text{end}}}{2} = \frac{2835,3 + 4894,2}{2} = 3864,75 \text{ soms.}$$

$$\text{Asset Turnover} = \frac{\text{Sales of Revenue}}{\sum A_{\text{aver.annual}}} = \frac{10204,4}{3864,75} = 2,64$$

2014:

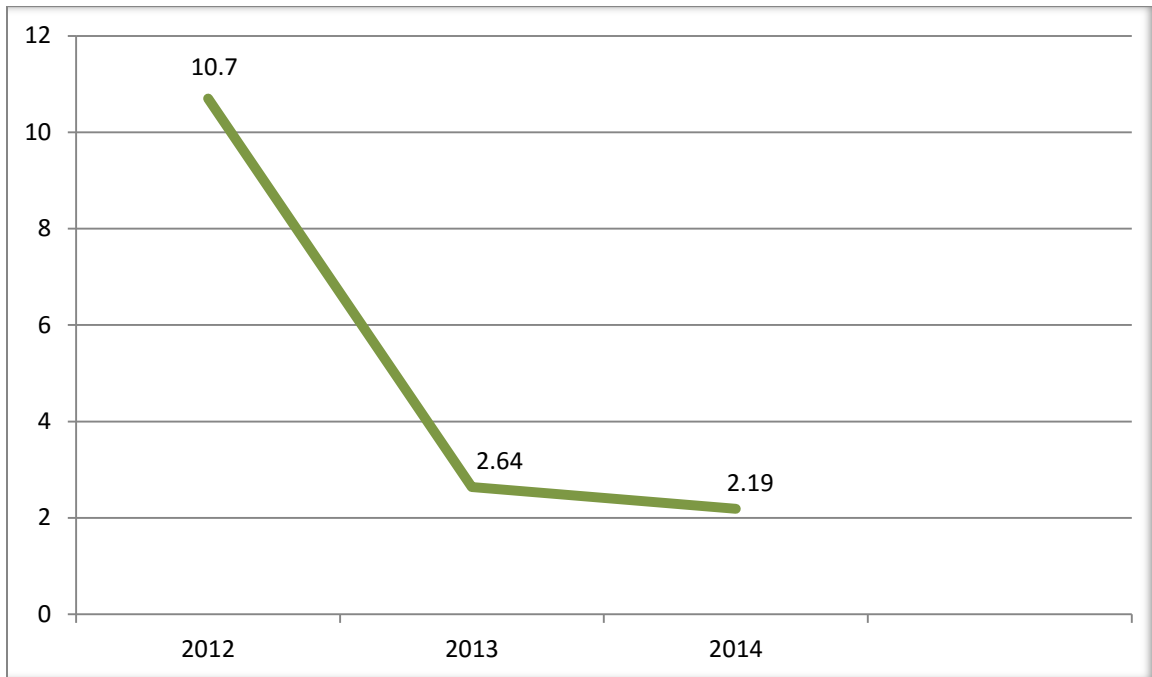
$$\sum A_{\text{aver.annual}} = \frac{\sum A_{\text{start}} + \sum A_{\text{end}}}{2} = \frac{4894,2 + 7358,0}{2} = 6126,10 \text{ soms.}$$

$$\text{Asset Turnover} = \frac{\text{Sales of Revenue}}{\sum A_{\text{aver.annual}}} = \frac{13425,0}{6126,10} = 2,19$$

According to the balance of this indicator in 2014 were 2.19. This suggests that the full cycle of production and circulation committed more than half a year, and for 1 som value of every asset we have 2,19 soms of income.

For a better understanding, I illustrated it graphically, where you can see the variation of the total asset turnover (Figure 2.9).

Figure 2.9 Total asset turnover Ratio during the period 2012-2014



Source: Own input, based on annual report of "Ak-Zhol".

In Figure 2.9 we observe a decrease of this ratio in 2014. This indicates a decrease in income for 1 som of assets, compared with previous years.

2. Fixed Assets Turnover Ratio:

$$\text{Fixed Assets Turnover Ratio} = \frac{\text{Net Sales}}{\text{Averaga Net Fixed Assets}}$$

2012:

$$\text{Averaga Net Fixed Assets} = \frac{FA_{\text{start}} + FA_{\text{end}}}{2} = \frac{872,7 + 778,0}{2} = 825,35 \text{ soms.}$$

$$\text{Fixed Assets Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Net Fixed Assets}} = \frac{20227,7}{825,35} = 24,51$$

2013:

$$\text{Average Net Fixed Assets} = \frac{FA_{start} + FA_{end}}{2} = \frac{778,0 + 637,2}{2} = 707,6 \text{ soms.}$$

$$\text{Fixed Assets Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Net Fixed Assets}} = \frac{10204,4}{707,6} = 14,42$$

2014:

$$\text{Average Net Fixed Assets} = \frac{FA_{start} + FA_{end}}{2} = \frac{637,2 + 203,4}{2} = 420,3 \text{ soms.}$$

$$\text{Fixed Assets Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Net Fixed Assets}} = \frac{13425,0}{420,3} = 31,94$$

In this case the index is 31.94. This tells us that for every 1 som value of fixed assets, we have 31.94 soms income and fixed assets turnover period of approximately 3 months.

Increase the return on assets ratio can be achieved both by a relatively low proportion of fixed assets, as well as by their high technical level. Of course, its size varies greatly depending on the industry and its capital intensity. However, the general laws are such that the higher the ratio is, the lower the costs of the reporting period will be. This ratio indicates either adequate implementation of a too high level of investment in these types of assets.

3. Turnover ratio of tangible current assets:

$$\text{Ratio of Tangible Current Assets} = \frac{\text{Net Sales}}{\text{Inventories}_{\text{aver.annual}}}$$

2012:

$$\text{Ratio of Tangible Current Assets} = \frac{20227,7}{900,4} = 22,47$$

$$\text{Inventories}_{\text{aver.annual}} = \frac{1647,5 + 70,9 + 82,4}{2} = 900,4 \text{ soms.}$$

2013:

$$\text{Ratio of Tangible Current Assets} = \frac{10204,4}{2119,1} = 4,82$$

$$\text{Inventories}_{\text{aver.annual}} = \frac{1647,5 + 2492,9 + 82,4 + 15,3}{2} = 2119,1 \text{ soms.}$$

2014:

$$\text{Ratio of Tangible Current Assets} = \frac{13425,0}{3067,2} = 4,38$$

$$\text{Inventories}_{\text{aver.annual}} = \frac{2492,9 + 3626,1 + 15,3}{2} = 3067,2 \text{ soms.}$$

According to the balance of the 2014 ratio was 4.38. The value of this indicator shows the structure of the liquid working capital and, consequently, more stable financial condition of the company. The rate of implementation of material circulating assets is approximately 2.5 months, Enterprise stored materials only 5 months in advance.

4. Equity Turnover Ratio:

$$\text{Equity Turnover Ratio} = \frac{\text{Annual net sales}}{\text{Average stockholders' equity}}$$

2012:

$$\text{Equity Turnover Ratio} = \frac{20227,7}{1268,05} = 15,95$$

$$\text{Average stockholders' equity} = \frac{945,2 + 1590,9}{2} = 1268,05 \text{ soms}$$

2013:

$$\text{Equity Turnover Ratio} = \frac{10204,4}{2231,85} = 4,57$$

$$\text{Average stockholders' equity} = \frac{1590,9 + 2872,8}{2} = 2231,85 \text{ soms}$$

2014:

$$\text{Equity Turnover Ratio} = \frac{13425,0}{4654,7} = 2,88$$

$$\text{Average stockholders' equity} = \frac{2872,8 + 6436,6}{2} = 4654,7 \text{ som}$$

In 2012, this ratio stood at 15.95, which means the sales exceed the invested capital of more than 16 times. But in 2014 we see the decline of this ratio, it was only 2.88. Which means that sales began to exceed the invested capital is just over three times.

5. *Working capital turnover Ratio:*

$$\text{Working Capital turnover} = \frac{\text{Sales}}{\text{WorkingCapital}_{\text{aver. annual}}}$$

2012:

$$\text{Working capital turnover} = \frac{20227,7}{1890,25} = 10,70$$

$$\text{WorkingCapital}_{\text{aver. annual}} = \frac{(945,2 + 2835,3)}{2} = 1890,25$$

2013:

$$\text{Working capital turnover} = \frac{10204,4}{3864,75} = 2,64$$

$$\text{WorkingCapital}_{\text{aver.annual}} = \frac{(2835,3 + 4894,2)}{2} = 3864,75$$

2014:

$$\text{Working capital turnover} = \frac{13425,0}{6126,1} = 2,19$$

$$\text{WorkingCapital}_{\text{aver.annual}} = \frac{(4894,2 + 7358,0)}{2} = 6126,1$$

Since the investments are very small, the turnover of operating capital does not differ from the total asset turnover, and is 2.19 for 2014, compared with 2012 below 8.51.

6. Index of business activity:

$$\text{Index of business activity} = \text{Working capital turnover} * \text{Rate operating margins}$$

2012:

$$\text{Index of business activity} = 10,7 * 0,15 = 1,605$$

2013:

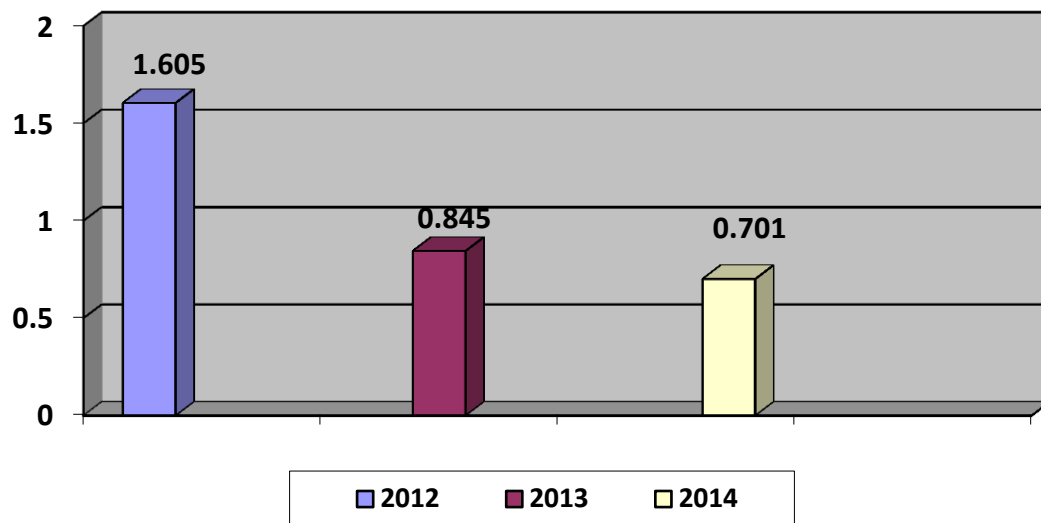
$$\text{Index of business activity} = 2,64 * 0,32 = 0,845$$

2014:

$$\text{Index of business activity} = 2,19 * 0,32 = 0,701$$

Graphic below shows us the change in this ratio (Figure 2.10)

Figure 2.10 The index of business activity in the period 2012-2014



Source: Own input, based on annual report of "Ak-Zhol".

As seen in Figure 2.10 the index of business activity in 2014 was 0.701, compared to previous years, we can observe a downtrend, which is a negative factor for the enterprise. So the level of business activity fell compared with 2012 by almost 2.5 times.

The profitability of operations

The coefficients of profitability of the group allow us to estimate the profitability of all areas of the company. They are calculated according to the profit and loss account.

The profitability of the enterprise is determined by the profit it receives. For the analysis of the profitability of the two groups are calculated profitability ratios: return on equity and profitability.

1. Return on equity:

This ratio indicates how efficiently the company uses its own equity for profit.

Return on Assets Ratio (ROA):

$$ROA = \frac{\text{Net Income}}{\sum \text{Average Total Assets}}$$

2012:

$$\sum A_{\text{aver.annual}} = \frac{\sum A_{\text{start}} + \sum A_{\text{end}}}{2} = \frac{945,2 + 2835,3}{2} = 1890,25 \text{ soms.}$$

$$ROE = \frac{717,5}{1890,25} = 0,38$$

2013:

$$\sum A_{\text{aver.annual}} = \frac{\sum A_{\text{start}} + \sum A_{\text{end}}}{2} = \frac{2835,3 + 4894,2}{2} = 3864,75 \text{ soms.}$$

$$ROE = \frac{1424,2}{3864,75} = 0,37$$

2014:

$$\sum A_{\text{aver.annual}} = \frac{\sum A_{\text{start}} + \sum A_{\text{end}}}{2} = \frac{4894,2 + 7358,0}{2} = 6126,10 \text{ soms.}$$

$$ROE = \frac{3950,7}{6126,10} = 0,64$$

According to my own sources, this ratio in 2014 was 0.64, which means for each 1 som of assets invested, we get 0.64 soms profits. Compared with previous years, this ratio changed to 0.27, compared with 2013 year and 0.26, respectively, compared with 2012.

2. *Net Profit Margin Formula:*

$$\text{Net Profit Margin (NPA)} = \frac{\text{Net Profit}}{\sum \text{Sales}}$$

2012:

$$NPA = \frac{645,8}{1890,25} = 0,34$$

2013:

$$NPA = \frac{1281,8}{3864,75} = 0,33$$

2014:

$$NPA = \frac{3555,6}{6126,10} = 0,58$$

As a result, the rate was 0.58. In this case, we have low income and the impact of taxes is almost no effect on its value. However, with the increase in income will increase the impact of taxes, with the amount of taxes and mandatory payments of approximately a quarter of the balance profit.

3. *Return on Equity (ROE):*

$$ROE = \frac{\text{Net Income}}{\text{Total Equity}}$$

2012:

$$ROE = \frac{717,5}{1268,05} = 0,57$$

2013:

$$ROE = \frac{1424,2}{2231,85} = 0,64$$

2014:

$$ROE = \frac{3950,7}{4654,7} = 0,85$$

According to the rate, this coefficient is 0.85 at the year 2014. As with the previous indicators, return on equity is less than 1%, it's indicating that the low investment attractiveness of enterprises is defined.

Profitability of activities:

Ratio profitability of the group allows us to estimate the profitability of all areas of the company. They are calculated according to the profit and loss account.

1. Net Profit Margin:

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}}$$

2012:

$$\text{Net Profit Margin} = \frac{717,5}{20227,7 - 15,3} = 0,04$$

2013:

$$\text{Net Profit Margin} = \frac{1424,2}{10204,4 + 2,2 + 15,0} = 0,07$$

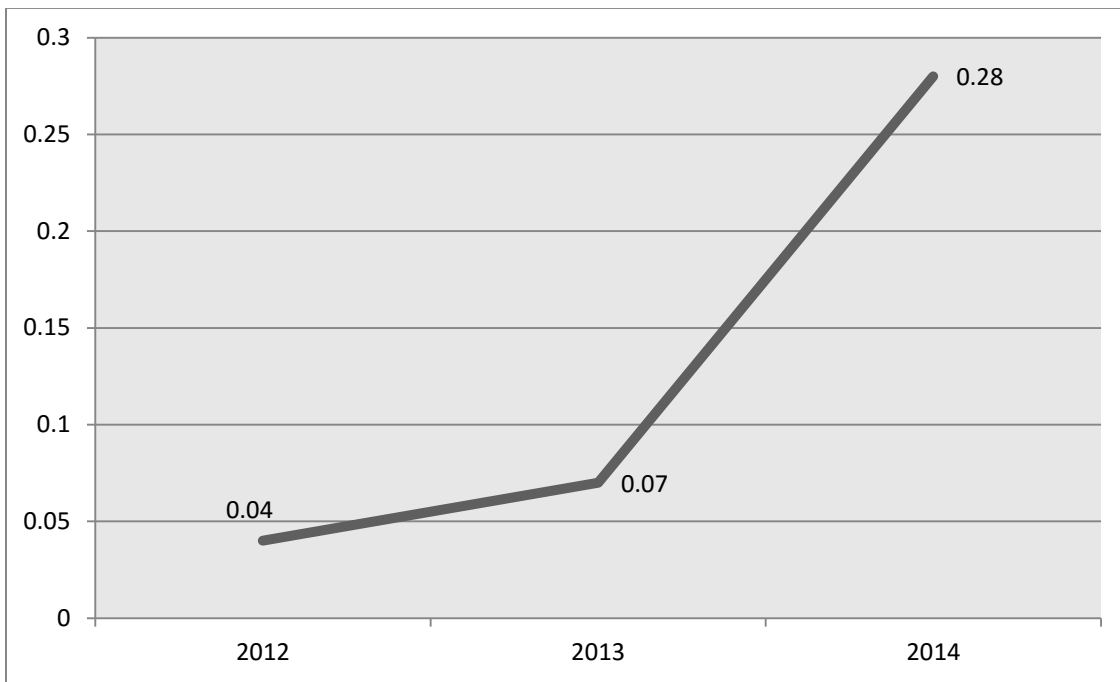
2014:

$$\text{Net Profit Margin} = \frac{3950,7}{13425,0 + 658,7} = 0,28$$

According to the calculations on the financial results, the rate is 0.28. Thus, the share of balance profit in income is low. The company needs to reduce costs, or increase the price of their products, which will increase its profits.

Below it is graphically shown the change rate of return of all operations on balance profit (Figure 2.11.)

Figure 2.11 Changing the margins of all operations on balance profit for the period 2012-2014



Source: Own input, based on annual report of "Ak-Zhol".

As shown in Figure 2.11, this ratio increased in comparison with 2013, it increased by 0.21%, and in comparison with 2012 by 0.24%. The share of balance profit in the income is low, but as soon as it increases it can be considered as a positive trend.

2. Operating profit margin:

$$\text{Operating profit margin} = \frac{\text{Operating Profit}}{\text{Sales}}$$

2012:

$$\text{Operating profit margin} = \frac{645,8}{20227,7 - 15,3} = 0,03$$

2013:

$$\text{Operating profit margin} = \frac{1281,8}{10204,4 + 2,2 + 15,0} = 0,13$$

2014:

$$\text{Operating profit margin} = \frac{3555,6}{13425,0 + 658,7} = 0,25$$

Here, as in the previous case, is the low value of the index is obtained, which is equal to 0.25. By analogy with the rates of margins assets at balance profit and profitability of all assets on net profit, it can be said about the impact of taxes. But this is only the result of low profit margins.

3. Gross Profit Margin:

$$\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Sales}}$$

2012:

$$\text{Gross Profit Margin} = \frac{3074,0}{20227,7} = 0,15$$

2013:

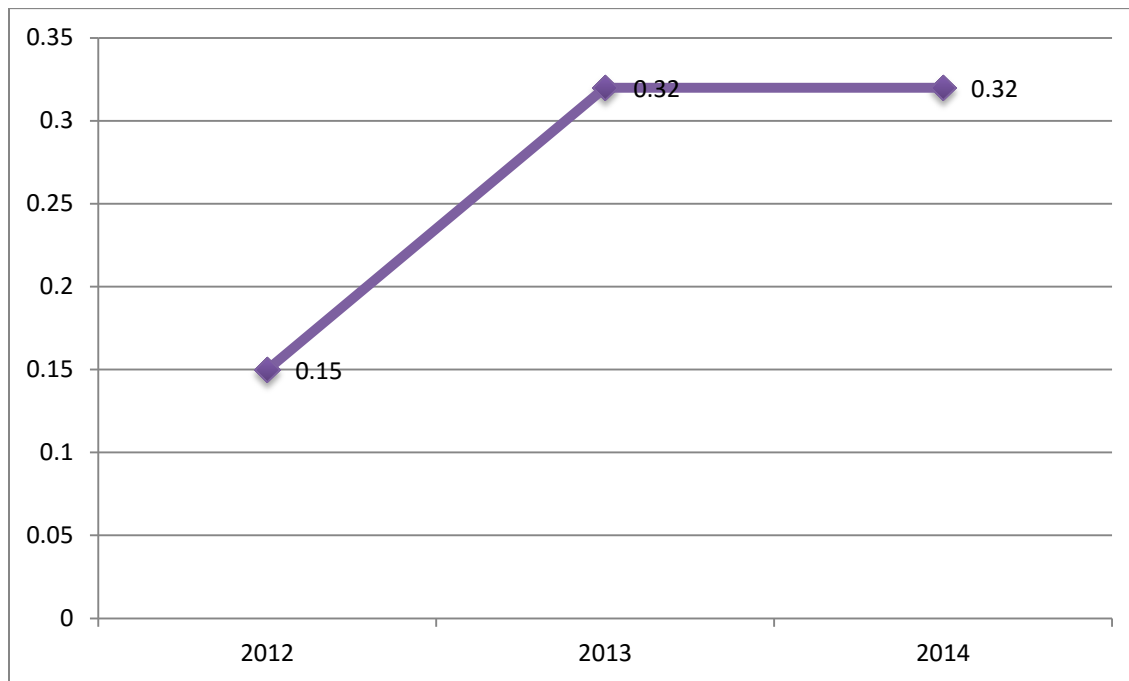
$$\text{Gross Profit Margin} = \frac{3295,9}{10204,4} = 0,32$$

2014:

$$\text{Gross Profit Margin} = \frac{4263,6}{13425,0} = 0,32$$

Bellow graphically illustrated the variation of the operating margins (Figure 2.12):

Figure 2.12 Changing of the gross profit margins



Source: Own input, based on annual report of "Ak-Zhol".

This indicator shows how much money received from 1 som costs. As we can see in Figure 2.12, in 2014, this ratio increased by 0.17 som in comparison with 2012, but remained unchanged in comparison with 2013 year. This suggests that the cost of 1 som we get 32 cents profits. Since this ratio has increased, this indicates a decrease in costs.

According to the annual accounts, this ratio at the end of 2014 was 0.32 and in comparison with previous years has not changed. This gross profit margin activity enables the company to expand its production and profit organization can cover its debt obligations.

In conclusion of this chapter, I would like to say that the ratios - are the most famous and widely used tool for analyzing the financial statements, they allow to explore the relationship between the various components of the financial statements, for example, assets and liabilities and costs and revenues, as well as their dynamics. Presented ratio groups in this chapter present the main aspects of the company and should be considered mandatory. Conclusion on the financial situation of the analyzed companies can be made on the basis of the calculation of financial

ratios, indicators which point to a number of problems of the enterprise in terms of profitability (the ratio deviates from the norm), solvency (also does not meet the generally accepted standards, although there is a positive trend), business (there a clear process of slow asset turnover). In addition, to the estimations of the ratios, in the beginning of the problem of enterprise, financial condition indicates manufactured cost-benefit analysis of balance, which is determined by the absolute deviation profitability. But we are also seeing changes in the level of liquidity, which has a positive trend; it means that the level of liquidity of the enterprise increases. After the analysis of financial condition, it is necessary to develop as a consequence of a number of measures to address the problems identified. All these issues will be covered in the next chapter of the diploma thesis.

3 Chapter. Improving the effectiveness of the company management on the basis of business activity

3.1. Ways of increasing business activity

In developing the main areas, for the efficient use of working capital, company must take into account a number of important points. If the funds invested in tangible assets, taking the form of money later than the maturing debt to the creditor at the enterprise, there is a need for additional sources of funding. They may have their own means, such as from customers revenue previously shipped products, other cash inflows that are usually one-off, or borrowed money, in most cases taking the form of short-term bank loans.

If the company does not use bank loans as the company in my case, and seeks to manage its own resources, its solvency is completely dependent on the volume and terms of the loan customers and their integrity. The delay in the receipt of funds from one or more major customers could create serious difficulties for the company.

In the case where an additional source of financing involved in short-term bank loans, financing scheme will be as follows. The company draws on paid basis monies that go to cover abstract of the turnover of its own funds. The new cycle of circulation of capital leads to the same situation, the delay in receipt of funds compared to the maturity of the loan. And in this case, the need for financial resources can be met through short-term bank loan. The result of such a policy can be an extremely difficult situation of the company, due to the fact that it violates the essential requirement of financial stability: to attract credit conditions should be more favorable to the environment in which the enterprise has it. As the receivables are substantially free credit to the buyer, it must be possible "to equilibrate" in the same free loan provider. Obviously, the longer the period of commodity turnover is served by capital lender, the better the company to ensure its solvency. Therefore, an entity shall consider the length of the period during which the production and commercial cycle of the capital is served by the creditor as one of the most important criteria of financial stability. The declining trend in this period, calls for urgent measures to stabilize the financial situation: reduction of the period of storage of stocks of commodities and materials, improvement of the system of settlements with customers, including the obligatory control over the timing of education receivables operative work with debtors, delaying payment (telephone messages, formal letters), the possible use of discounts.

The major direction of more efficient use of working capital is to maintain an optimal size of inventories. Significant cash outflows related to the cost of the formation and storage of stocks makes it necessary to find ways to reduce them. At the same time it is not the reduction of the value of expenditure on the creation and maintenance of inventories to a minimum. This decision is usually ineffective and lead to an increase in the loss of another kind (for example, from damage and uncontrolled use of reserves). The challenge is to find a "middle ground" between excessively large reserves that can cause financial difficulties (lack of funds), and excessively small stocks, threatening the stability of production. This problem cannot be solved in the condition of the natural formation of stocks; it is necessary established system monitoring and analysis of stocks.

In theory and practice of management inventories are the following basic features of unsatisfactory control of productive resources:

- ✓ Tendency to continued growth of inventory storage time;
- ✓ Continued growth of inventory, significantly outpacing the dynamics of increase in the volume of products sold;
- ✓ Frequent downtime due to lack of materials; lack of storage space;
- ✓ Periodic refusal of urgent orders due to lack (or absence) of inventory;
- ✓ Large amount of write-downs of inventories due to the presence of obsolete (stale), slow-moving inventories;
- ✓ Large amount of write-downs of inventory as a result of damage and theft.

The main directions of improving the management of inventories are as follows:

- ✓ Assessment of rational structure of reserves, allowing identifying the resources, the volume of which is clearly redundant, and resources, the acquisition of which is necessary to accelerate. This will avoid excessive capital investment in materials, the need for which are reduced or not can be determined. No less important in assessing the rationality of the structure of reserves to establish the amount and composition of the damaged and slow moving inventory. Thus, a borrowing of inventories in the most liquid state and the reduction of funds immobilized in stocks;

- ✓ The timing and volume of purchases of tangible assets. It should be taken into account, firstly, the average consumption of material during production and commercial cycle, second, additional amount (safety stock) resources for recovery contingencies materials (for example, in case of an urgent order) or increasing the period required for the formation of required reserves;
- ✓ Selective control of inventories, suggesting that attention needs to focus on expensive materials or materials with high utility attractiveness (ABC method).

ABC method consists in the fact that each type of material is evaluated in terms of its purpose. This refers to the degree of use of the material for a specific period; the time required for the use of stocks of this material, and expenses (losses) related to its lack of stock; can be replaced, as well as loss of replacement.

The largest share of these material resources in the total amount of material resources that are stored in the warehouse, defines the principal amount of the outflow of funds in the formation of reserves. Such materials are considered as resources of the group A. Group B materials are of secondary importance; they are less expensive than the materials of the group A but outnumber references. Proceedings of the group are considered relatively unimportant - it is the least expensive and most abundant wealth. Their acquisition and the content are accompanied by small (in comparison with the total amount) cash outflow. Storage costs for such stocks are less than the cost to ensure strict control over the ordered batches, insurance (reserve) stocks and the remains of the warehouse.

In principle, in the ABC method that most closely monitored materials group A special attention is paid to the calculation of the need for them, scheduling the formation of reserves and their use substantiation largest insurance stocks inventory.

An important way to improve the efficiency of working capital of the enterprise is to maintain the optimal size of stocks of finished products. The lack of a safety stock of products in stock (for each company its size individual, it is determined by the nature of economic relations with buyers) can lead to hidden losses, called "loss of profits" related to the fact that an urgent order for the supply cannot be executed.

However, for many businesses is typical reverse situation - overstocking (accumulation of stocks of finished products). In these circumstances, the entity having a different kind of loss related to the diversion of funds from the turnover and "necrosis" in their stocks of finished products. Period of finding funds in the calculations can be reduced by granting advances to customers.

The most important reserve of more efficient use of working capital is the effective management of accounts receivable. There exist a number of activities, implementation of which allows you to quickly manage the accounts receivable:

- ✓ Monitor the status of settlements with customers on delayed (overdue) debts;
- ✓ Possible to focus on a greater number of customers to reduce the risk of non-payment by one or more major customers;
- ✓ Monitor the ratio of receivables and payables: a significant predominance of receivables threatens financial stability and making it necessary to attract additional (usually expensive) equipment; excess payable over accounts receivable may lead to insolvency;
- ✓ Provide discounts for early payment.

When developing ways to increase the efficiency of cash management, it should be noted that both the deficit and surplus cash are negative impacts on the financial condition of the company. When excess cash flow is a loss of real value of temporarily free funds due to inflation; lost part of the potential revenue from the under-utilization of funds in the operating or investment activities. Capital turnover slows down as a result of idle cash.

The presence of excess cash flow over a long period of time may be the result of improper use of working capital. For the effective workflow of money in the company, they need to be put into circulation in order to profit:

- ✓ To expand their production, scrolling in a cycle of working capital;
- ✓ Update the fixed assets, purchase new technology;
- ✓ To invest in profitable projects of other business entities in order to obtain a beneficial interest;
- ✓ Prepay bank loans and other commitments to reduce debt servicing costs.

Surplus of money leads to an increase in overdue loans in the company on loans to banks, suppliers, staff on wages, thereby increasing the length of the financial cycle and the reduced profitability of the company's capital.

Reducing the deficit of the cash flow can be achieved through measures that accelerate the cash flow and slow payments. To accelerate the flow of funds is possible by the transition to a full or partial prepayment of products customers, reducing the time the provision of trade credit, the increase of price discounts on sales for cash, the application of measures to accelerate the repayment of the overdue accounts receivable (discounting, factoring), to attract bank loans, sale or lease of the unused part of fixed assets, additional shares to increase equity.

Slow disbursement of funds is achieved through the purchase of long-term assets on lease, renewal of short-term loans into long-term, increase in terms of trade credit enterprise by agreement with suppliers, the decline in investment activity.

The results of the analysis are the source of information for identifying reserves, accelerates the turnover of working capital and the development of specific measures aimed at improving the efficient use of working capital.

Thus, in essence, current assets represent cash collateral required for the purchase of items of work, the various components required for the production of goods, services and implementation.

Integrated policies for working capital management are to ensure the search for a compromise between the risk of loss of liquidity and efficiency. From the standpoint of the requirements of the efficiency of the economy of the enterprise, the amount of working capital should be sufficient to produce a product in the range and quantity requested by the market and at the same time, the minimum without leading to an increase in production costs due to the formation of excessive stocks.

Working capital is divided into circulating productive assets (materials, fuel, feed, seed and other tangible assets, the cost of work in progress and semi-finished products of own production and purchased, prepaid expenses) and funds handling: finished goods in a warehouse and shipped to

customers, cash on hand, balances with banks and calculations. Together, they cash working capital of the enterprise.

In essence current assets represent cash collateral required for the acquisition of objects of labor, payment of fuel, electricity and other components required for the production of goods, services and implementation.

Current assets after the fixed assets, occupied by its second-largest in terms of total resources, determining the company's economy. The amount of working capital should be sufficient to produce a product in the range and quantity requested by the market and at the same time, the minimum without leading to an increase in production costs due to the formation of excessive stocks.

The main objectives of the analysis of efficiency of use of circulating assets of the enterprise are: a study of the duration of production and commercial cycle of the enterprise and its components; the main causes of changes in the duration of production and sales cycle; determining the ratio of the length of production and sales cycle and the period of repayment of accounts payable; identifying the causes of differences and changes in the financial results of funds; identification of the main factors of cash outflows; an analysis of the rate of turnover of accounts receivable and the validity period of the existing storage of inventory. The results of the analysis are the source of information for identifying reserves accelerates the turnover of working capital, the development and implementation of specific measures aimed at improving the efficiency of working capital of the enterprise.

Development of the business activity of the company is determined by the following circumstances: at what the market it operates, i.e. Is this untapped market and it is for it new, and with what kinds of goods or services, it goes on the market (products that are new for the market or not).

Improving the business and financial condition of the company should be implemented by implementing a set of measures aimed at improving the solvency of financial stability.

The basis of the choice of specific measures to improve business and financial condition of the company, should be based on criteria estimation resulting from the analysis of its financial condition and is characterized by its quality.

Eliminate the possible insolvency of the enterprise with the help of the implementation of the following basic measures to improve the financial condition of the company.

Selling the excess inventory of raw materials for the production is carried out in the case where they are fast enough to be implemented. This allowed the implementation of the stocks of raw materials, even at a price below the purchase.

Sale of stocks of finished products involves the sale at a loss; however, this loss can be compensated in the future, part of the received funds.

Sale of receivables - widely Remedy insolvency. If the estimated discount of less than 100%, then the sale of accounts receivable of the enterprise is carried out on any proposed price.

Translation of investments in the form of money is carried out by stopping the leading enterprises of investment projects, the sale of assets under construction uninstalled equipment, as well as the elimination of other business (sale of shares). Translation of investments in the form of money is performed after analyzing the timing and amounts of the refund on invested capital: if a particular investment project will start to give out outside the period of improving the financial condition of the enterprise, its implementation may be discontinued. The presence of strategic investors and emerging technologies can contribute to the successful implementation of investment projects and exit on a path of sustainable development.

Identification of a financial stability is the most rapid decrease of inefficient costs. The insolvency of the company can be quickly eliminated by the sale of "unnecessary assets."

The main activities for the restoration of financial stability of the company are:

Withdrawal from the Company reduces the costly overhead of objects on objects that have not yet been able to sell.

Forward contracts for the supply of a fixed price might be interested in the lender, if he can propose to count the company's debt to him in advance for the long-term supply of these products. In this case, the contract price of the products should not be below the projected cost.

Ensuring fiscal balance and development of the company in the long run is only possible with an increase in cash flow from its operating activities. The main activities, provides a solution to this problem is:

- Increase the competitive advantages of the product;
- Increase cash component in the calculation;
- Increase asset turnover;
- Implementation of effective investment policy.

In implementing these activities, market research should be carried out, that is, to organize the activities of converting the needs of customers in the enterprise income. It is necessary to create a marketing service company, which would deal with the study of demand, output channels, as well as assessment of possible competitors. Such analysis is the basis for the choice of range and a commercial-trade enterprise policy.

As a result of market analysis, the company may waive the portfolio, are not supported by effective demand. The production should be left only to those orders for which payment is organized money. This will significantly speed up the cash flow, and thereby improve the financial position of the company, and in turn increase economic activity.

In order to increase business activity, it is not only to provide a financial balance, but also to strengthen its market position; the company needs to implement an effective investment policy. Therefore, measures to improve the business and in turn to improve the financial condition of the company should be linked with the task of increasing the efficiency of investment.

3.2. Planning of actions to increase business activity

To improve the business activity of the Public transport and commercial joint-stock company: “Ak-Zhol”, should make maximum use of the internal potential. The company can be a huge potential, but without the active workers of this potential does not turn into economic development, economic growth.

Now the employee is regarded not only as a performer employment functions, but also as an element of an organization. The modern concept of the use of human factors argue look at labor as one of the key ways to reduce production costs, increase productivity and thus increase profits.

Therefore, the priority is the development of management of the branch employees - to the point that they can be used in the creativity, new ideas, make their own decisions, and this is nothing but a manifestation of economic activity. Staff development is the basis for the increase in business activity in all of the Public transport and commercial joint-stock company: “Ak-Zhol”.

Change of business activity depends not only on the use of the internal potential of the company, but also from the environment, which should be taken into account in setting the goals and objectives of the development strategy for its further development. Business activity affects the performance of the enterprise market, which is manifested in the growth of the market share, increase in goodwill, and stability of relationships with suppliers and customers, etc., that is, the market parameters in this business. In order to achieve in the long term financial stability and competitiveness, and tactical and strategic management of the enterprise should be based on business activity, since business activity is the basis of effective work in all areas of the company (see. Annex 1).

If the index of business activity tends to decrease or its value is less than the index of business activity of the enterprises-competitors, it is necessary to determine the type of business activity, which is the "weakest link" and the corresponding control unit now. The result of the implementation of management decisions in these areas in the management system may be to increase the efficiency of the individual functional units and the enterprise.

Manufacturing activity may affect not only on the number of products, but also on its quality, reducing the proportion of defective products, avoiding downtime and other losses in the production.

The growth of financial and commercial activity has an impact on the increase in the main performance indicators of the enterprise - profit. Therefore, every company tries to find the reserves to increase profits. To increase profits, companies can: increase the volume of production and sales due to the proper organization of the marketing system, to reduce production costs without compromising the quality, develop a reasonable pricing policy, change the structure of the range in the direction of increasing the share of products with higher profitability, improve quality products and their clearance, to expand sales market. In addition, now manifested financial and commercial activity will affect the selection of the optimal capital structure.

Thus, the management of enterprise-based business activity should be carried out comprehensively through the production, technical and economic, financial and commercial activities, the more so that the decisions taken in order to manage these types of activity are interconnected. Such a comprehensive approach to the identification, assessment and management of business activity enables to integrate into the process of enterprise management, coordinating with the strategic and tactical goals and objectives that will be reflected in increasing productivity of enterprises and ensure not only their survival, but also further development.

The main areas of planning to increase business activity in the Public transport and commercial joint-stock company: “Ak-Zhol” should be:

- 1) Increasing the share of profits in circulation. Relevant here is preliminary and operational control over the formation of the distribution costs in order to reduce the latter. The most effective means of organizing such control is budgeting expenses and cash outflows;
- 2) Acceleration of asset turnover in order to enhance the positive effect of increasing the profitability of activities, or compensate for the negative impact of the latter figure in the absence of real possibilities of increasing the share of profits in circulation (to achieve a

positive effect due to the implementation of activities of the first direction is more difficult than the second).

To resolve problems and improve the company needs to consider options for measures to increase the efficiency of production and use of all types of resources. General problems and the types of measures outlined below.

The decline in leased premises and products

The downward trend of the leased areas of the Company with Public transport and commercial joint-stock company: “Ak-Zhol”, has a negative impact on earnings of the branch. The absence of stagnation threatens to increase the volume. Way out of this situation could be the following:

- ✓ Improvement of staff motivation;
- ✓ Improvement in the external and internal condition of the premises;
- ✓ Expansion of the boundaries of the market (search for new customers);
- ✓ Update the production potential in order to increase the competitiveness of products (replacement of equipment, to attract subcontractors, the use of leasing schemes, and so on);
- ✓ Increase in production time and equipment investment in current assets when markets are limiting the growth of production capacity;
- ✓ Market analysis of raw materials, the search for new suppliers of raw materials, if the development is the limitation of their deficit;
- ✓ Improving the organization of labor, rationalization of the use of working hours, hiring additional staff, if the reason for limiting the growth of the company is to provide personnel;
- ✓ Timely submission of construction documents for production.

Rising cost of works

Rational use of a Public transport and commercial joint-stock company: “Ak-Zhol” of material resources - one of the most important factors in the growth of production and reduce production costs and, consequently, revenue growth and profitability.

The main sources of reserves of cost reduction are:

- ✓ Increase in production due to better utilization of production capacity of the enterprise;
- ✓ Reducing the cost of production of construction products (works, services) by increasing the level of productivity, efficient use of materials, electricity, fuel, equipment, reducing unproductive expenditures, and so on.

Reserves are established to reduce costs for each item of expenditure due to the specific innovative measures (the introduction of new technology and more advanced production technology, improved work organization, and others.), Which will contribute to saving wages, raw materials, energy and so on.

Particular attention should be paid to the cost of planning. The procedure and methods of planning work cost the organization establishes on the basis of their own conditions of its activities.

In determining the tasks to reduce the cost of work must take into account all the factors that contribute to the rise in the cost or reduce the cost of production work, as well as any resulting changes in the volume and structure of work and conditions of their production.

The change in the cost of influences the following factors: inflation; a sharp slowdown in the renewal of fixed assets; increased spending on advertising and others.

Reducing the level of profitability

Increasing the income of the Public transport and commercial joint-stock company: “Ak-Zhol” can be achieved in two ways:

- ✓ Due to the increase in sales and the rental of space to be implemented in the form of technologically completed steps or objects;
- ✓ A result of improved production quality indicators: growth in labor productivity, reduction of material production, shortening the product sales and other factors that contribute to eventually reduce the cost;
- ✓ Correction of pricing policy upwards, the reason for the price increase can improve the competitiveness of products, access to new market segments;
- ✓ Establishment of a management accounting system and the system of liability for deviations of the costs to manage costs and reduce them;

- ✓ Control of the conformity of the actual consumption norms of raw materials, electricity technology standards;
- ✓ Control of the conformity of the actual market prices of resources;
- ✓ Establishment of direct links with suppliers of raw materials, decreasing the number of levels in the supply chain of the organization;
- ✓ Reduction of unproductive idle equipment and personnel;
- ✓ Optimization of taxation.

The decline in capital productivity

The solution to this problem is the increase in production, improve the impact of existing production capacity and better meet the needs of the population, improving the balance of the equipment the organization, reduce production costs, increase profits and profitability of the enterprise. A more complete use of fixed assets also leads to a reduction in need for new production capacity at change of volume of production, and, consequently, a better use of the company's profit (increasing the share of deductions from profits to fund consumption, towards most of the accumulation fund in the mechanization and automation of technological processes etc.).

Increase return on assets of fixed assets of the Public transport and commercial joint-stock company: “Ak-Zhol” is possible due to factors that can be grouped into the following groups:

- ✓ Factors reflecting the level of direct use of existing fixed assets by time and power;
- ✓ Factors reflecting organizational measures and construction management;
- ✓ Factors reflecting the social and economic conditions of the personnel of the enterprise.

As the measures to improve the efficiency of use of the fixed assets of the company, can be used:

- ✓ Commissioning of uninstalled equipment, its replacement and modernization;
- ✓ Improve internal equipment of the leased premises;
- ✓ Raising the shift ratio, more intensive use of equipment;
- ✓ The introduction of measures of scientific and technical progress (NTP);
- ✓ Conducting social work, which provides for retraining of workers, improving working conditions and rest, recreational activities?

The decline in labor productivity

Increased productivity is one of the most important tasks of Public transport and commercial joint-stock company: “Ak-Zhol” facing the leadership of the company, a decision which must be inextricably linked with decreasing costs and reducing the complexity of products.

The main ways of increasing labor productivity are:

- ✓ Improvement of complex automation and mechanization of technological processes;
- ✓ The creation of new, more advanced designs of machines;
- ✓ Reduction of idle times by improving the tools and techniques of control;
- ✓ Continuous improvement of existing and introduction of new advanced technological processes;
- ✓ Increase in the proportion of main workers;
- ✓ Improvement of work measurement in the enterprise.

The low level of business activity

Companies with low levels of business activity are minimally attractive to investors.

Increased business activity of the Public transport and commercial joint-stock company: “Ak-Zhol” perhaps as a result of the following activities:

- ✓ Planning of financial and economic activity; determining a planned working capital requirements, valuation of stocks and work in progress, monitor compliance with the actual performance standards; planning and control of financial flows (receipts, payments, money in the account and so on); checking the financial feasibility plan for the provision of services; quarterly summarizing financial and business activities with obligatory financial analysis and the results of the implementation of business plans;
- ✓ The organization of long-term planning through the development of business plans;
- ✓ Ratio control growth of receivables and payables.

Low asset turnover

Asset turnover - this is one of the most important characteristics of the efficiency of the organization's management. To speed up the turnover of Public transport and commercial joint-stock company: "Ak-Zhol" can be offered the following measures:

- ✓ Inventory of assets and then selling, upgrading, leasing or cancellation of non-performing assets or ineffective;
- ✓ Development of optimal scheme of procurement of raw materials, which would reduce the reserves of raw materials and thus increase their turnover;
- ✓ Decrease in inventories of work in progress by improving the production process, including reducing the idle time between the operations of the production process;
- ✓ Reduction in the free cash balance and placing them as financial investments, income of the organization;
- ✓ Reducing the time of their stay in the field of production and in the sphere of circulation.

The low efficiency of use of material resources

More efficient use of material resources of Public transport and commercial joint-stock company: "Ak-Zhol" can be achieved by:

Reduction of material under repair facilities and capacity without compromising performance;

The use of standards-based consumption of materials, energy, fuel and other resources;

Use of advanced types of materials, prefabricated structures, industrial manufacturing, introduction of resource-saving repair production equipment, providing a reduction in energy per unit of work performed;

Loss reduction materials in the production process and during transport and storage; re-use of certain types of materials, and so on.

The importance of the use of material resources has a security organization materials, rhythm and complete deliveries to the plant materials needed.

3.3. Recommendations aimed at improving business activity

In order to enhance business activities of Public transport and commercial joint-stock company: “Ak-Zhol”, must be properly shape their management policies. Policy receivables management in the company “Ak-Zhol” must be part of a general policy of current assets management and marketing policy aimed at increasing the volume of sales of products and services is to optimize the overall size of the debt and to ensure its timely collection.

The objectives of management of accounts receivable are as follows:

- Limiting the acceptable level of accounts receivable;
- The choice of conditions of sale, delivery of services;
- Acceleration of demand debt;
- Debt reduction in the budget;
- Assessment of the possible costs associated with accounts receivable, i.e. the loss of profits from the non-use of funds frozen in accounts receivable.

With respect to the Company “Ak-Zhol” can be recommended the following measures to improve the management of accounts receivable:

- Exclusion of partners, enterprises with a high degree of risk;
- The formation of the principles of settlement companies with counterparts in the coming period;
- Identification of the financial capacity of enterprises of commodity (commercial loan);
- Creating conditions to ensure debt collection; formation of a system of penalties for late performance of counterparties.

In the formation of the plan of receipt of means of payment, you must also specify what amounts received in repayment of debt. The respective amounts are stated in terms of the movement of accounts receivable in the "redemption".

In the formation of the sales plan can be defined permissible (Standardized) the amount of the receivable and the allowable term of repayment for each major counterparty. This is done in order to avoid unsustainable debt, to provide a predetermined average value of turnover.

After drawing up the initial version of the financial plan, you should check whether the lack of available working capital for the operation of the business in each period.

The Company “Ak-Zhol” is necessary to provide the managers responsible for the shipment of goods to produce excess receivables, and promote the reduction of the period of its turnover. Analyzing the financial plan, the timing and amount of accounts receivable, you can define various options for discounts on the price of the goods, depending on the maturity.

Recommendations aimed at improving the efficiency use of funds

In order to prevent the reduction of temporary free funds the enterprise needs to improve cash management. For this purpose Company “Ak-Zhol” should create a reserve fund of funds from the profits and avoid the lack of temporarily free funds on the settlement and other accounts.

Ensuring acceleration of turnover of assets is possible with:

- Accelerating the collection of funds in which the declining balances of assets at the box office;
- Reduction of cash payments (cash payments increase the balance of assets in cash and shorten the use of its own cash assets in the period of payment documents of suppliers);
- Reducing the amount of payments to suppliers by means of letters of credit and checks, as they distract a prolonged period of monetary assets from the market due to the need of prior reservation on special bank accounts.

It should be noted that the achievement of expected results from the implementation of activities is only possible at the organization and carrying out control over their execution. Such control is proposed to take in the course of analyzing the financial position of the enterprise.

Forecasting cash flow plays an important role in ensuring the normal conduct of business. This need often arises in lending in the bank when the bank wanting to insure against defaults, wants to see whether the company is able to pay off on a specific date to the Bank of its obligations.

However, this is not counted all the important issues that confront the task of the financial manager of forecasting cash flows.

This section of the financial management work is reduced to the calculation of the possible sources of income and cash outflows. It follows the same pattern as in the cash flow analysis, just for the sake of simplicity, some indicators can be aggregated. Since most of the indicators is rather difficult to predict with great accuracy, often forecasting cash flow reduces to the construction budget funds in the planning period, taking into account only the main components of the flow: the volume of sales, the share of revenue for cash, the forecast of accounts payable and others. The forecast is carried out on a period in the context of a period: the year by quarter, year by month, quarter by month.

In any case, prediction techniques procedure performed in the following sequence:

- Forecasting cash flows by periods;
- Forecasting of cash outflows by period;
- Calculation of net cash flow (excess / negative) by periods;
- Determination of total short-term financing needs in the context of a period.

The meaning of the first phase is to calculate the amount of possible cash flows. A certain complexity in such a calculation could occur if the company uses the method of determining the revenue when goods are shipped. The main source of funds is the provision of services (renting of premises) and the sale of goods, which is divided into the sale of goods and delivery of non-residential premises for rent in cash and on credit. In practice, most companies track the average period of time it takes customers to pay bills. On this basis, we can calculate what portion of the proceeds will go for products sold in the same period, under, and what next. Next, using the balance sheet method chain is capable of calculating cash flows and changes in receivables.

A more accurate calculation involves the classification of receivables by maturity dates. This classification can be performed by the accumulation of statistics and analysis of evidence on the collection of receivables from previous periods. The analysis recommended by month. Thus, it is possible to establish the average share of receivables with maturities of up to 30 days,

respectively, up to 60 days to 90 days. If there are other significant sources of funds (other sales, non-operating) their prognostic evaluation is carried out by direct accounts; the resulting amount is added to the total cash receipts from sales for the period under. The second stage is calculated cash outflows. A component of a repayment of debt. It is believed that the company pays its bills on time, although to some extent it may delay delivery. The process of delay of payment is called "Stretch" accounts payable; deferred accounts payable in this case serves as an additional source of short-term financing. In countries with developed market economies, there are different systems of payment for goods, in particular, the amount of payment varies depending on the period during which the payment is made. When using such a system delayed payables becomes quite expensive source of financing, as provided by the supplier of the lost discounts. Other areas of use of funds include staff salaries, administrative and other fixed and variable costs as well as capital expenditures, net of tax, interest, dividends.

The third stage is the logical continuation of the previous two by matching expected future cash receipts and disbursements is calculated net cash flow.

The fourth step is calculated the aggregate demand for short-term financing. Meaning step is determining the amount of short-term bank loans at each period necessary to provide predictable cash flow. The calculation is recommended to take into account the desired minimum cash in the current account, which is useful to have as a safety stock, as well as for possible unpredictable advance profitable investment.

According to the results of the analysis as the priority actions in terms of financial policy is considered necessary to propose the following measures:

1. Maintain planning financial and economic activities, including:
 - ✓ Define planned working capital requirements and regulation of the volume of stocks and work in progress, monitoring compliance;
 - ✓ Planning and control of financial flows (receipts, payments, money in the account, etc.);
 - ✓ Formation, check financial feasibility plan for the provision of services;
 - ✓ Quarterly summarize the financial and economic activities with a mandatory financial analysis and the results of the implementation of business plans.

2. Organize long-term planning activities through the development of business plans. With the development of new areas of development need to be sure to assess the effectiveness of projects to their implementation on the basis of business planning.
3. To improve the contractual work and discipline. At the conclusion of contracts for the provision of services include penalties for late payment by the customer works. Mandatory legal examination of contracts.
4. It is necessary to monitor the dynamics of the current ratio and the availability of internal funds
5. Monitor the ratio of growth of receivables and payables. If lenders are slightly exceeding the amount of debtors, such a situation is favorable. The opposite of the ratio should receive a negative evaluation, as too much can cause the amount of defaults on its own obligations of the enterprise. In the analysis of receivables and payables should be considered separately: accounts as a means of temporarily diverted from the circulation, and the accounts as a means of temporarily borrowed into circulation.
6. Reducing the prices of services, including due to:
 - ✓ market research and continuous monitoring of the environment;
 - ✓ development of policies based on an analysis of break-even point for services;
7. Expansion of marketing services, including through:
 - ✓ market research and continuous monitoring of the environment;
 - ✓ development of policies based on an analysis of demand;
 - ✓ Develop a system of discounts for regular suppliers for the timely payment, development of pricing policy.
8. Adoption of system of the administrative account for the analysis of income and expense items and cost components. Periodically perform the analysis of the structure of production costs, comparisons with various kinds of benchmarks, and by studying the nature of deviations from them.
9. Accounting of business transactions conducted in accordance with the current shown normative and legislative acts in this area. Develop a system of tax accounting and planning. Use the services of external consultants to streamline the tax and accounting, organization of management accounting.

10. To avoid errors in the accounting and taxation to conduct systematic training (training) financial workers. In order to increase the overall level of management necessary to train management staff of the enterprise basics of financial analysis, methods of development on its basis of management decisions, business planning.
11. Improving automation systems of accounting, tax and management accounting.

Conclusion

The basic ideas of this diploma thesis are conclusions and recommendations formulated by taking into account possibilities of their implementation, based on the analysis of both theory and practice of management. The results obtained are the possibility of practical application. The results of diploma thesis can be used in the main financial activity.

In the theoretical chapter covered the theoretical foundations of business planning for the company. The term "business activity" began to be used in national accounting and analytical literature relatively recently - in connection with the introduction of well-known worldwide techniques for analyzing financial statements on the basis of analytical factors. In broad terms, the business activity is the whole range of efforts to promote the company in product markets, labor, and capital. In the context of the analysis of financial and economic activities of this term is understood in a narrower sense - as the current industrial and commercial activities of the company.

The analytical chapter was devoted to the analysis and evaluation of financial and economic activity of the enterprise. Public transport and commercial joint-stock company: "Ak-Zhol" is engaged in the rental of non-residential premises.

In general we can note the following issues of business activity of the Company "Ak-Zhol":

- ✓ Reduction in staff productivity, and as a consequence decline in revenue;
- ✓ The organization does not pay attention to sales promotion;
- ✓ Deteriorating financial performance of the branch.

To improve the business activity of the Public transport and commercial joint-stock company: "Ak-Zhol" were offered the following activities:

1) Increasing the share of profits in circulation. Relevant here is preliminary and operational control over the formation of the distribution costs in order to reduce the latter. The most effective means of organizing such control is budgeting expenses and cash outflows;

2) Acceleration of asset turnover in order to enhance the positive effect of increasing the profitability of activities, or compensate for the negative impact of the latter figure in the absence of real possibilities of increasing the share of profits in circulation.

According to the results of the study suggest the following conclusions:

1) Business activity - not an abstract concept but as a concrete description of the process of the company, which depends on the efficiency of the company and its competitiveness. The value of business activity will vary depending on the goals and objectives of the company, established at the strategic and tactical levels of management.

2) The study identified areas for the impact of business activity on the activity of the enterprise as a whole and its structural functional units, as well as the factors contributing to the growth of business activity in the current period and in the long term. Management of business activities at the tactical and strategic levels can contribute to the strengthening of the financial position and enhance the competitiveness of enterprises.

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Glossary

Soms – Currency of Kyrgyzstan money

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