



ANALYSIS OF THE EFFICIENCY OF USE OF THE ORGANIZATION'S CAPITAL

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Abstract: To determine the efficiency of using sources of asset formation, in particular equity capital, it is necessary to analyze them. The efficiency of capital use is characterized by the profitability indicator. To study the influence of factors on the profitability indicator comprehensively and at the same time compactly, it is necessary to use factor analysis.

Key words: equity, return on equity, debt capital, factor analysis.

INTRODUCTION

All enterprises, without exception, have their own funds, which are sources of property formation. Equity and debt capital is present in every enterprise that operates in a market economy. If there may be no borrowed capital in rare cases, then equity, even if not in full elements must be there. Thus, equity is an integral part of the functioning of the enterprise.

Analysts with experience in studying all enterprise structures, and directly of equity capital itself, they know the importance correct interpretation of his condition.

LITERATURE REVIEW

At the same time, it is important to determine why start studying yourself. N.N. Ilysheva believes: "Analysis begins with studying movements of the organization's own capital as a whole and is carried out in the context the main factors determining its entry and exit, in comparison with data from the previous year" [2; p. 69].

According to T.A. Pozhidaeva: "If the admission rate is greater utilization rate, this means that the organization is undergoing a process increasing equity capital, and vice versa" [4; p. 137]. Also important, so that the amount of equity capital multiplied by 2 and reduced by non-current assets were greater than current assets. When doing this conditions, you can find out the normal financial stability of the enterprise or not.

Equity analysis data helps a business understand and study the sources of formation of the enterprise's property. Despite the fact that this source of property of the enterprise is in liabilities, and in them, as you know, the obligations of an enterprise are recorded, but it is not one [6; p.99]. In fact, equity is the source financing an enterprise created by investors or shareholders, and Only formally can they be called the company's obligations. However, the composition equity capital includes borrowed capital, which is just obligation.

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ANALYSIS AND RESULTS

One of the main indicators that characterizes the activities of an enterprise is efficiency. Return on equity reflects the level of efficiency of its use.

In general, the calculation of return on equity is presented by the formula: $ROE = (NT/AE) * 100\%$,

where NT – net profit;

AE – average equity capital

This indicator reflects the return on every UZS invested by owners in production and characterizes the efficiency of increasing equity capital.

To assess the return on equity capital as an indicator of the economic effect correlated with the amount of equity capital, it is advisable to use net profit, since it characterizes the increase in equity capital as a result of its use. When assessing return on equity, as well as when assessing return on assets, one should operate with the average value of equity for the period.

In order to study the influence of factors on the profitability indicator comprehensively and at the same time compactly, factor analysis is used. Factor analysis of return on capital, carried out both by the method of absolute differences and by the method of chain substitutions, reveals the strengths and weaknesses of the enterprise [3 p.66].

Return on equity can be represented in the form of multifactor multiplicative models obtained by the expansion method. Consider the Dupont factor model:

$$DP = ROS * AT * FL$$

where ROS – return on sales;

N/A – asset turnover ratio;

A/CK – financial leverage

Table 1

Return on equity of Metola LLC

Indicators	2020	2021	2022	Abs. off report from bases. (+,-), thousand UZS.	Growth rate, %
1. Net profit, thousand UZS	43664	57361	44759	+1095	102,51
2. Average equity capital, thousand UZS	134739,5	169251,5	197033,5	+62294	146,23
3. Return on equity, %	32,41	33,89	22,72	-9,69	70,1

Table 2

Calculation of the influence of factors on the change in return on equity of Metola LLC

Indicators	2021	2022	Abs. deviation, (+,-)
1. Net profit, thousand UZS	57361	44759	-12602
2. Average annual cost of equity capital, thousand UZS.	169251,5	197033,5	+27782
3. Average annual value of assets, thousand UZS.	235335	284477,5	+49142,5
4. Sales revenue, thousand UZS.	175271	171380	-3891
5. Return on equity, %	33,891	22,7164	-11,1746
6. Financial leverage	1,3905	1,4438	0,0533
7. Asset turnover ratio, number of revolutions	0,7448	0,6024	-0,1424
8. ROS%	32,7270	26,1168	-6,6102
9. Influence of factors on changes in return on equity:			
9.1. financial leverage	-	-	+1,29
9.2. asset turnover	-	-	92
9.3. profitability of sales	-	-	-
			6,480
			2

			- 5,749 2
The total influence of factors will be:			- 10,9302

The factors that come together in the model give an idea of the interrelated aspects of financial and economic activities in business management:

➤ about the efficiency of cost management and pricing policy (return sales report);

➤ about the business activity of the enterprise: the degree of intensity of use of assets and the main trends in changes in the nature of use (asset turnover ratio); about the degree of risk of dependence on borrowed capital. [4, p.122]

Let's calculate the return on equity of Metola LLC. The return on equity of Metola LLC in 2020 was 32.41%, in 2021 it increased to 33.89%, and in 2022 reduced to 22.72%, i.e. almost 1/3.

Based on the accounting financial statements of Metola LLC, we will perform a factor analysis of equity capital.

The data in Table 2 shows that return on equity in 2022 compared to the previous year decreased by 11.17 percent. points and amounted to 22.72% as a result of the influence of the following factors.

1. An increase in the financial leverage ratio led to an increase in return on equity by 1.2992 % item:

$$\Delta RSK = \Delta K_{fin.lever} \times K_{0rev.} \times R_{0PR} = 0.0533 \times 0.7448 \times 32.7270 = 1.2992.$$

2. Due to the slowdown in asset turnover, return on equity decreased by 6.4802 % item:

$$\Delta RSK = K_{1fin.lever} \times \Delta K_{rev.} \times R_{0PR} = 1.3905 \times (-0.1424) \times 32.7270 = -6.4802.$$

3. Due to the reduction in profitability of sales, return on equity decreased by 5.7492 % . item:

$$\Delta RSK = K_{1fin.lever} \times K_{1rev.} \times \Delta R_{PR} = 1.4438 \times 0.6024 \times (-6.6102) = -5.7492.$$

Table 3

Calculation of the influence of factors on changes in the return on equity of LLC "Metola" using the method of chain substitutions

Calculation	Financial leverage ratio	Asset turnover ratio	Return on sales (according to NP), %	Result	Factor influence size
I	1,3905	0,7448	32,727	33,8935	X
II	1,44	0,7448	32,727	35,1927	1,2992

	38				
III	1, 44 38	0,6024	32,727	28,4641	-6,7286
IV	1, 44 38	0,6024	26,1168	22,7150	-5,7491
Cumulative influence of factors					-11,1785

The combined impact of these factors amounted to -10.9302 points, while return on equity changed by 11.1746 percentage points. Let's carry out factor analysis using the method of chain substitutions and thereby check the influence of factors more accurately.

In this case, the total influence of these factors will be equal to - 11.1785, which indicates the correctness of the calculations.

CONCLUSION

Thus, the efficiency of capital use is determined through the profitability indicator, which is calculated by dividing net profit by the average amount of equity capital. This indicator reflects the return on every ruble invested by owners in production and characterizes the efficiency of increasing equity capital. To study the influence of factors on the profitability indicator comprehensively and at the same time compactly, it is necessary to use factor analysis.

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