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THE IMPORTANCE OF INTERNATIONAL STANDARDS IN THE MANAGEMENT OF THE CASH FLOWS OF COMPANIES

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Abstract
The issue of cash flow management is gaining urgent importance in the effective management of working capital, based on the optimal volume of financial operational needs, ensuring the continuity of the current economic activity of companies. In our national companies, the lack of systematic approaches in the practice of managing cash flows in terms of operational, financial, and investment activities causes them to constantly face problems related to liquidity and solvency.
Today, the free cash flow method is used to determine the solvency of large companies in the world, plan their financial strategy, evaluate the effectiveness of net cash flows, and determine the liquidity situation. In this article, the use of free cash flow and discounted cash flow methods in forecasting cash flows, taking into account changes in fixed capital, working capital and depreciation costs of companies, estimating the present value of future cash flows in companies, determining earnings before interest and taxes, net operating profit after taxes analysis was carried out on the basis of international standards for calculating profit and determining company-oriented reinvestment, assessing the impact of internal and external factors in forecasting cash flows of companies.
Keywords: cash flow, EBIT, NOPLAT, capital, amount of change in capital costs, investment costs, financial resources, investing activities, financing activities.

Introduction

In the conditions of increasing globalization and competitive processes in the world, the formation of cash flow of companies and its forecasting are becoming important in order to ensure the stability of the economy. In particular, free cash flow and discounted cash flow methods are widely used in forecasting cash flows of companies in developed countries. This, in turn, enables companies to determine the real value of future cash flows.

As a result of the sharp increase in cash flows from the investment activities of companies in developed countries, it is necessary to use a modern method of cash flow forecasting. Today, the free cash flow method is gaining importance in forecasting the cash flows of companies worldwide. In particular, "in 2021, the free cash flow of companies in the United States increased by 44.2 percent"[1]. Expanding the cash flow of joint-stock companies shows the need to use the most appropriate method of forecasting their future cash flows.

The systematic and unsystematic problems observed in the global economic space require most corporate structures to use innovative methods to effectively manage their

[1] https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datacurrent.html

financial stability through solvency and liquidity management. In particular, the issue of cash flow management in the effective management of working capital based on the optimal volume of financial operational needs, ensuring the continuity of current economic activity, is gaining urgent importance. In our national companies, the lack of systematic approaches in the practice of managing cash flows in terms of operational, financial, and investment activities causes them to constantly face problems related to liquidity and solvency.

Scientific studies are being carried out to determine the solvency of large companies in the world, plan their financial strategy, evaluate the effectiveness of net cash flows, and use the free cash flow method to determine the liquidity situation. Using free cash flow and discounted cash flow methods in forecasting cash flows, taking into account changes in fixed capital, working capital and depreciation costs of companies, estimating the present value of future cash flows in companies, determining income before interest and taxes, calculating net operating profit after tax payment and determination of company-oriented reinvestment , assessment of the influence of internal and external factors in forecasting cash flows of companies is one of the main areas of scientific research in this regard.

In improving the method of forecasting cash flows of joint stock companies in Uzbekistan, the main attention is paid to the process of privatization of shares of large state-owned enterprises through primary and secondary public placement on the stock exchange. Particularly, the task of "attracting foreign investors and international financial institutions to privatization processes in enterprises with a state share" [2]was defined.

The consistent and effective performance of these tasks creates a comprehensive opportunity to significantly increase the weight of attracting foreign investors to large state-owned enterprises in the country, to ensure the transparency of monetary resources in joint-stock companies, to determine the effectiveness of cash flows, to use modern methods of free cash flows and discounted cash flows.

Joint-stock companies carry out their financial operations through income and expenses and form cash flows. Also, in order to ensure the continuity of financial resources movement, it is necessary to ensure the continuity of money flows. Today, world economists and operators have different interpretations of cash flows based on international standards of financial reporting.

According to Brigham, a foreign economist, cash flows of joint-stock companies are net cash flows formed over a certain period of time. It emphasizes that it is necessary to evaluate this formed cash flow in connection with the capital flow[3]. Also, according to Blank, one of the economists, the cash flow of the joint-stock company was considered the main indicator representing the impact of the company's investments in the form of cash returned to investors. The composition of the joint-stock company's cash flow on investments consists of net profit, depreciation of tangible and intangible assets[4]. On the other hand, Braley and Myers defined cash flow in their research as follows: "It is determined by deducting production costs and other expenses and taxes from the cash flow expected from the production activities of joint-stock companies[5]. "

Van Horn James K. and Vakhovich John M.'s research showed that the cash flow of the joint-stock company was considered as continuous process. Therefore, the company

[2]Decree No. PD-60 of the President of the Republic of Uzbekistan dated January 28, 2021 "On the development strategy of New Uzbekistan for 2022-2026".

[3] Brigham Y., Joel A. Houston . Financial Management . - St. Petersburg . : Peter , 2013.

[4]Blank I.A. Financial management: textbook . well. - 2nd ed. revised . and additional - K .: Elga , Nika-Center, 2005.

[5] Brailey R, Myers S. Principles of Corporate Finance . - M.: Olymp Business , 2014 .

should have appropriate resources for each direction of the use of funds. Broadly speaking, the use of assets of a joint-stock company indicates the use of net cash flow. Liabilities and private capital are considered as sources of net cash flows[6].

Despite the fact that many economists study the cash flow of joint stock companies, there are opposing opinions on the concept of cash flow, and economists mainly form the concepts of cash flow based on various aspects of the financial and economic activity of the joint stock company.

According to economy scientist V. Bocharov's opinion, "Cash flow is the amount of income and expenditure of the joint-stock company for the reporting and planned period[7]". Also, in T. Voronchenko's research, a joint-stock company's cash flow from operating activities is the cash generated after deducting working capital and depreciation expenses. On his point of view, the resulting funds will serve as a net cash flow for the company for a certain period[8].

In our opinion, the cash flow of a joint-stock company is the time-distributed receipts and payments of funds generated as a result of the implementation of the investment project and the operation of the company's assets.

In particular, joint-stock companies generate cash flows in the form of income and expenses during the implementation of all types of financial operations. Also, the continuous flow of funds formed from the financial activities of joint-stock companies over time shows the company's cash flow.

Methodology

Foreign economists have used free cash flows in determining free cash flow, taking into account the EBIT of a joint-stock company, in particular, the indicator of income before interest and taxes, operating income after tax. When calculating free cash flows, first of all, it is necessary to determine the EBIT indicator.

EBIT = Net Profit – (Interest Expense/Income) – (Profit Tax)

After determining the EBIT figure, we find the NOPLAT figure for operating income after taxes.

$$NOPLAT = (EBIT) \times (1 - T)$$

Here: EBIT is the indicator of income before paying interest and taxes; T is the profit tax rate.

After determining the NOPLAT indicator, we determine the FCFF indicator of the company's free cash flows.

FCFF=NOPLAT + Depreciation expense – capital expenditure – change in net working capital.

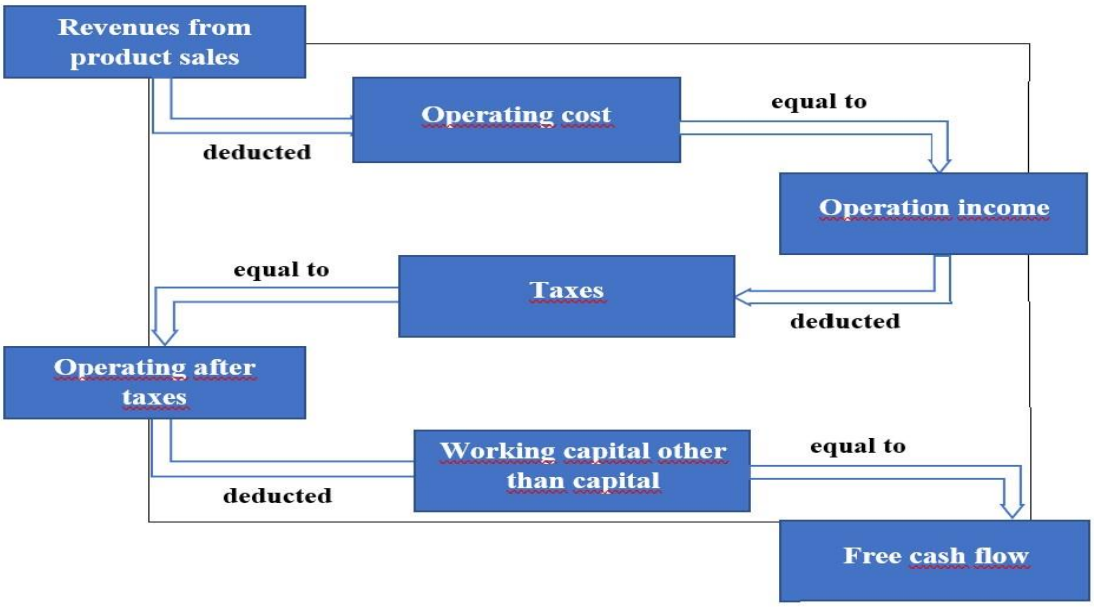
Today, one of the widely used indicators of joint-stock companies is free cash flow. This indicator is proving to be one of the most important financial indicators. The free cash flow indicator of a joint-stock company is the amount of money left at the company's disposal after deducting all taxes and capital investments from the total income.

There are two main types of determination of free cash flows in all joint-stock companies in the world:

1) When calculating the free cash flow of a joint-stock company, it uses the cash flow formed after deducting expenses and taxes from the company's capital cash flow. However, it is the cash flow that does not include interest income and expenses.

[6]Van Horn James K., Vakhovich John M. Fundamentals of financial management. 12th ed. - M.: "I.D. Williams", 2008. - 1232 p .
[7]Bocharov V.V. Financial planning. - St. Petersburg: Peter, 2000.
[8] Voronchenko T.V. Forecasting and analysis of cash flows . //Economic analysis: theory and practice. 2012. No. 4 (169). - S. _ 46-51.

2) When determining the cash flow on the capital of joint-stock companies, it is the cash flow formed after deducting interest, loans and taxes related to operating expenses from cash flows. This cash flow ratio is very important for shareholders and investors because it shows the value of the joint stock company.



Pic-1.The procedure for calculating the free cash flow of a joint-stock company[9]

Results

Free cash flow of joint-stock companies serves to forecast the company's cash flow and determine the value of the company through discounted cash flows. Also, in order to assess the value of the joint-stock company, it is necessary to determine the free cash flows of the capital. In particular, the cash flow of a joint-stock company determines the cash flow in equity and the cash flow in debt capital. Today, in practice, in the analysis of free cash flows, the analysis of cash flows in the assets of joint-stock companies, cash flows in capital and cash flows in creditors are carried out.

It should be noted that the creditor free cash flow indicator is very important for creditors. Free cash flow in capital is widely used to evaluate the effectiveness of the dividend policy for shareholders of joint-stock companies and also serves to analyze investment projects financed by shareholders.

In our research, we will analyze free cash flows by selecting three joint-stock companies in our country. In particular, the free cash flows of JSC "Andijondonmahsulot", JSC "Andijan regional enterprise of electric grids" and "Kokand mechanical plant" JSC, which are joint-stock companies in various sectors, were analyzed.

The analysis of the data in table 2.9 shows that the income of "Andijondonmahsulot" JSC from the sale of products in 2017 was 91.6 billion and reached to 249.8 billion sums in 2021. It is obvious that the company's sales volume is increasing year by year. The income of the joint-stock company before paying interest and taxes was 2.1 billion in 2017, it increased by almost 11.7 times in 2021. However, the company's balance before interest and taxes was minus 33.5 billion sums in 2018. One of the main reasons is that the joint-

[9] Prepared by the author.

stock company's other operating expenses increased by 636 percent in 2018 compared to 2017. This means that more expenses are incurred than the gross benefit of the company.

Table 1

Net operating profit after taxes of joint stock companies[10]

Indicators	2017	2018	2019	2020	2021
"Andijondonmahsulot" JSC					
Revenue from the sale of products, in billion. sum	91,6	102,5	128,9	201,4	249,8
Earnings before interest and taxes (EBIT), in billion. sum	2,1	(33,5)	8,2	18,4	24,5
Net operating profit after taxes, in billion. sum	1,9	(33,5)	6,6	15,5	20,1
"Andijan regional enterprise of electric grids" JSC					
Revenue from the sale of products, in billion. sum	362,7	434,2	565,6	1137,3	1152,6
Earnings before interest and taxes (EBIT), in billion. Sum	(20,3)	(50,1)	(6,6)	62,1	3,3
Net operating profit after taxes, in billion. sum	(22,4)	(50,1)	(7,6)	54,7	3,2
"Kokand Mechanical Plant" JSC					
Revenue from the sale of products, in billion. sum	83,9	80,4	31,6	12,6	20,5
Earnings before interest and taxes (EBIT), in billion. Sum	9,9	6,8	(0,4)	0,3	0,7
Net operating profit after taxes, in billion. sum	8,0	5,5	(0,4)	0,3	0,6

Specifically, earnings before interest and taxes is the ratio between gross profit and net profit. It also shows the company's operating profit before taxes. This indicator is mainly used to determine the free cash flows of the company. In 2017, the figure of net operating profit after taxes of "Andijondonmahsulot" JSC was 2.0 billion sums, it reached to 20.1 billion in 2021. The analysis shows that the amount of tax paid by the company is increasing. In particular, in 2017, the company paid taxes amounted 0.1 billion sums and it reached to 4.4 billion in 2021. Also, the year-by-year the growth in the income before paying interest and taxes of the joint-stock company leads to an increase in the tax burden of the company.

In particular, the income from the sale of products of "Andijan Regional Electricity Enterprise" JSC was 362.7 billion in 2017 sums, and it has increased by almost 3.2 times in 2021. In the last 5 years, the income from the sale of products has increased dramatically due to the sharp increase in the electricity sales of the company. In addition, operating activities before interest and taxes in 2017 amounted with a loss of 20.3 billion, however it finished with a profit of 3.3 billion sums in 2021.

[10] Prepared by the author based on information from http://www.openinfo.uz/

In particular, in 2017, the revenue of "Kokand Mechanical Plant" JSC from product sales was 83.9 billion sum, and it shows that it decreased by almost 4.1 times in 2021. One of the main reasons is the sharp increase in accounts receivable and inventory in 2019. Also, the company's income before paying interest and taxes in 2017 was 9.9 billion sums, but this indicator was decreased to 9.2 billion sums in 2021. Meanwhile, the company's next net operating profit after taxes was 8.0 billion in 2017 showing that it decreased by almost 13.3 times in 2021.

In conclusion, the sharp decrease in the income before interest and taxes of the joint stock companies is caused by the rapid increase in other operating expenses and the cost of products. Therefore, it is advisable to optimize other operating expenses to increase free cash flow. As a result of minimization of other operating costs, the opportunity to increase the free cash flows of the joint-stock company is being created.

Particularly, before determining the free cash flows of joint-stock companies, it is necessary to determine the net reinvestable funds (Table 2).

Table 2

Dynamics of net reinvestments of joint-stock companies, billion. Sums[11]

Indicators	2017	2018	2019	2020	2021
"Andijondonmahsulot" JSC					
Capital expenditure (C)	0,03	0,03	0,1	0,5	3,6
Change in working capital (WC)	(36,2)	(54,8)	44,6	90,8	(8,1)
Change in depreciation of fixed assets (DA)	0,3	3,3	(0,8)	2,3	6,4
Net reinvestment (NR) (C+ WC - DA)	(35,9)	(51,5)	43,9	89	(1,9)
"Andijan regional enterprise of electric grids" JSC					
Capital expenditure (C)	3,0	8,2	36,0	180,0	40,5
Change in working capital (WC)	11,8	(61,4)	(47,1)	(105,9)	(69,9)
Change in depreciation of fixed assets (DA)	10,0	55,0	19,0	66,7	60,9
Net reinvestment (NR) (C+ WC - DA)	4,8	(14,6)	(64,1)	7,4	(90,3)
"Kokand Mechanical Plant" JSC					
Capital expenditure (C)	1,6	1,7	1,8	1,9	2,0
Change in working capital (WC)	(28,7)	2,9	(11,4)	(1,0)	(8,9)
Change in depreciation of fixed assets (DA)	3,9	6,5	2,5	3,2	1,0
Net reinvestment (NR) (C+ WC - DA)	(26,4)	(1,8)	(10,7)	(0,3)	(9,9)

The data of Table 2 shows that "Andijondonmahsulot" JSC allocated 0.03 billion sums for capital expenditure in 2017, and it increased by 3.6 billion sums in 2021.

[11] Prepared by the author based on information from http://www.openinfo.uz/

Changes in the working capital of the company decreased by 36.2 billion sums in 2017compared to 2016, and we can see that it decreased by 8.1 billion sums in 2021. Also, the change in the depreciation of the main assets of the joint-stock company were amounted to 0.3 billion sums in 2017 and it increased by 21.3 times in 2021. This means that the amount of net reinvestment of the company causing a decrease of 35.9 billion sums in 2017. The reason is that, due to the decline in the company's working capital of 36.2 billion sums net reinvestment also decreased in 2017. In 2021, the net reinvestment of "Andijondonmahsulot" JSC decreased by 1,9 billion sums, because the change in the company's working capital also fell to 8.1 billion sums.

In particular, cash flows related to net reinvestments of "Andijan regional enterprise of electric grids" JSC were 4.8 billion sums in 2017, and shows a decrease of 90.3 billion sums in 2021. In 2017, the change in working capital, was the indicator that caused to the increase of the net reinvestment of the company with 11.8 billion sums. Also, we can see the change in working capital caused a sharp decrease of 90.3 billion. sums in cash flows related to net reinvestments of the company in 2021. The indicator of capital expenditures was 3 billion sums in 2017, and shows that it increased by 13 times in 2021.

In particular, in 2017, cash flows related to net reinvestment of "Kokand Mechanical Plant" JSC decreased to 26.4 billion sums and keeping up a decline of 9.9 billion sums in 2021. Also, we can see the change in working capital caused a sharp decrease of 28.7 billion. sums in cash flows related to net reinvestments of the company in 2021. At the same time, it should be noted that the working capital decreased to 8.9 billion sums in 2021. A decrease in cash related to net reinvestment leads to a decrease in the free cash flow of those joint stock companies. The main reason for the dropping in net investments was considered to be a decrease in changes in working capital. The reason for the reduction of the working capital is the gradual increase in the account payables of the joint-stock companies. The analysis of working capital of joint-stock companies is presented in the following table:

Table 3

Dynamics of working capital of joint-stock companies, billion sums[12]

Indicators	2017	2018	2019	2020	2021
"Andijondonmahsulot" JSC					
Inventory (I)	85,1	50,4	69,1	122,5	130,8
Accounts Receivable (AR)	54,2	42,9	59,4	59,4	39,1
Accounts Payable (AP)	49,1	58,0	48,5	11,2	7,2
Working capital (WC) WC=I+AR-AP	90,2	35,4	79,9	170,8	162,7
"Andijan regional enterprise of electric grids" JSC					
Inventory (I)	4,8	16,5	17,8	75,2	42,1
Accounts Receivable (AR)	143,7	182,0	202,5	444,6	599,5
Accounts Payable (AP)	345,8	457,3	526,2	931,6	1123,4
Working capital (WC) WC=I+AR-AP	(197,3)	(258,7)	(305,8)	(411,8)	(481,8)
"Kokand Mechanical Plant" JSC					

[12] Prepared by the author based on information from http://www.openinfo.uz/.

Inventory (I)	12,4	19,7	20,1	24,5	24,5
Accounts Receivable (AR)	39,0	31,9	25,9	18,5	11,1
Accounts Payable (AP)	54,9	52,2	57,9	56,0	57,5
Working capital (WC) WC=I+AR-AP	(3,5)	(0,6)	(12,0)	(13,0)	(21,9)

As it is shown it the table, the inventory of "Andijondonmahsulot" JSC made up 85.1 billion sums in 2017, and it increased by almost 1.5 times in 2021. In 2017, account receivables amounted to 54.2 billion and shows a decrease of 39.1 billion sums in 2021. A reduction in the company's account receivables indicates that the company is in good condition. In addition, in 2017, the account payables amounted to 49.1 billion sums, and almost shows a 6.9-times decrease in 2021. This, in turn, indicates that the liabilities of the joint-stock company decreased.

In particular, it shows that the working capital of JSC "Andijan regional enterprise of electric grids" decreased by 197.3 billion sums in 2017, and by 481.8 billion sums in 2021 It shows that the inventory of the company reached 4.8 billion sums in 2017 and increased by almost 8.8 times in 2021. At the same time, it shows that the receivables of the company increased by 4.2 times in 2021 compared to 2017. However, it shows that the creditor debt of the company has increased by almost 3.2 times in 2021 compared to 2017. In turn, it indicates that it is not a good situation for the joint-stock company. Therefore, the reason for the sharp decrease in the working capital of "Andijondonmahsulot" JSC was the sharp increase in the creditor's indebtedness.

In particular, we can see that the working capital of JSC "Kokand Mechanical Plant" decreased by 3.5 billion sums in 2017, and by 21.9 billion in 2021. Inventories reached 12.4 billion sums in 2017 and increased to 12.1 billion sums in 2021. At the same time, the company's receivables show that compared to 2017, 2021 has decreased by 3.5 times. However, it shows that the company's creditor debt has increased by almost 4 percent in 2021 compared to 2017. The decrease in the working capital of JSC "Kokand Mechanical Plant" was caused by the decrease in the receivables and the increase in the payables.

Factors affecting the change in working capital of Joint-Stock Companies are commodity and material reserves, accounts receivable and accounts payable. Therefore, in order to prevent a decrease in working capital of joint-stock companies, it is necessary to ensure that the accounts payable is always smaller than the receivable. The fact that receivables are greater than accounts payable indicates the presence of expected cash flows of joint-stock companies. This, in turn, allows an increase in cash flows from net investment.

The analysis of free cash flows of selected Joint-Stock Companies in our study is presented in Table 4 below.

Table 2.12 data analysis shows that the free cash flows of JSC "Andijondonmahsulot" reached minus 34.0 billion sums in 2017, and 18.2 billion sums in 2021. A positive free cash flow is important for a joint stock company. The reason is that the development of a joint-stock company indicates the solvency and the availability of funds to pay dividends. The dynamic analysis shows that there is an increasing trend in the free cash flows of "Andijondonhusulot" JSC, but we can see the downward dynamics in 2018-2019. The reason is that in these years, the debt to creditors in the structure of the working capital of the joint-stock company has increased sharply.

Table 4

Dynamics of free cash flows of Joint-Stock Companies, billion. sum[13]

Indicators	2017	2018	2019	2020	2021
"Andijondonmahsulot" JSC					
Net operational profit after taxes are paid (NOPAT)	1,9	(33,5)	6,6	15,5	20,1
Net investments (NI)	(35,9)	(51,5)	43,9	89	(1,9)
Free cash flow FCF=NOPAT-NI	(34,0)	(18,0)	(37,3)	(73,5)	18,2
"Andijan regional enterprise of electric grids" JSC					
Net operational profit after taxes are paid (NOPAT)	(22,4)	(50,1)	(7,6)	54,7	3,2
Net investments (NI)	4,8	(14,6)	(64,1)	7,4	(90,3)
Free cash flow (FCF) FCF=NOPAT-NI	(17,6)	(35,5)	(56,5)	47,3	(87,1)
"Kokand mechanical plant" JSC					
Net operational profit after taxes are paid (NOPAT)	8,0	5,5	(0,4)	0,3	0,6
Net investments (NI)	(26,4)	(1,8)	(10,7)	(0,3)	(9,9)
Free cash flow (FCF) FCF=NOPAT-NI	(18,4)	(3,7)	(10,3)	0	(9,3)

In particular, it shows that the free cash flow of "Andijan regional enterprise of electric grids" JSC reached negative 17.6 billion sums in 2017, and decreased to negative 87.1 billion sums in 2021. A company's negative free cash flow indicates that the company is spending more than it is earning. In particular, the main income of a joint-stock company is considered beneficial for the corporation if it is reinvested in the development of the company, which indicates that the funds are spent for the development of the company. Also, the capital expenditures of "Andijan regional enterprise of electric grids" JSC are not increasing sharply, but due to the sharp increase in the payables in the working capital, it is causing negative free cash flows.

It should be noted that it is not a bad situation for a joint-stock company to have negative free cash flows, the reason lies in the fact that the company is carrying out pure reinvestment in large quantities. Also, if the net investment made produces a high return, the joint stock company will have a long-term return on investment.

In particular, in 2017, the free cash flow of "Kokand Mechanical Plant" JSC reached negative 18.4 billion, and in 2021 it will be negative 9.3 billion sums. The analysis shows that the joint-stock company does not have free funds for the development of its activities. But we will see that the free cash flows of the Joint-Stock Company amounted to 0 sums in 2020. In recent years, a large amount of investment has been made for the development of a joint-stock company, which, in turn, can generate income in the long term due to the high level of profitability.

[13] Prepared by author based on information from http://www.openinfo.uz/

Table 5

Forecast of discounted cash flows of the Joint-Stock Company "Andijondonmahsulot"

Indicators	2017	2018	2019	2020	2021	2022 P	2023 P
Revenue growth	11,50 %	11,90 %	25,70 %	56,30 %	24,10 %	25,90 %	10 %
Net profit from the sale of products, billion. sum	91,6	102,5	128,9	201,4	249,8	314,6	692
Operational margin	2,3%	-32,7%	6,3%	9,1%	9,8%	12,1%	5,0%
Earnings before paying interest and taxes (EBIT), billion. sum	2,1	(33,5)	8,2	18,4	24,5	37,9	34,6
Net operating profit after the payment of taxes, billion. sum	1,9	(33,5)	6,6	15,5	20,1	38,1	30,5
Pure reinvestments, billion. sum	(36,5)	(51,4)	43,9	89	(1,9)	(36,5)	57,9
Free cash flows, billion. sum	(34,6)	(17,9)	(37,3)	(73,5)	18,2	1,6	20,4
Discount rate	15,3 %	14,9 %	14,1 %	19,3 %	14,8 %	15,7 %	15,7 %
Free cash flows-Current Value, billion. sum	(30,0)	(13,6)	(25,1)	(36,3)	9,1	(14,4)	(6,4)

The increase in operational income is explained by an increase in the revenue of company from the sale of products. Earnings before interest and taxes are expected to reach 34.6 billion sums in 2023. This can be explained by the fact that other incomes increase. Net operating profit after tax was 1.9 billion sums in 2017, this figure is expected to be 30.5 billion in 2023. The reason is that joint-stock companies lead to an increase in income by reducing the amount of taxes paid in return for the reduction of the tax burden. Net reinvestment was negative 34.6 billion sums in 2017, but this indicator is expected to be 57.9 billion in 2023.

It can be seen that the funds of the company were not spent on investment. A discounted free cash flow analysis shows that the present value of the company's free cash flow in 2017 was negative 30.0 billion sums, but this figure is expected to reach negative 6.4 billion in 2023. In general, the discounted cash flow forecast of "Andijondonmahsulot" JSC shows that the net operating profit after taxes has a tendency to grow year by year. However, as a result of the increase in net reinvestment made to capital over the years, the free cash flows of company become negative. This, in turn, indicates the amount of funds directed to the development of company.

Table 6

Forecast of discounted cash flows of the Joint-Stock Company "Andijan regional enterprise of electric grids"[14]

Indicators	2017	2018	2019	2020	2021	2022 P	2023 P
Revenue growth	22,8%	19,7%	30,3%	101,1%	1,4%	25,9%	10,0%
Net proceeds from the sale of products, billion. sum	362,7	434,2	565,6	1137,3	1152,6	1451,2	1995,4
Opera margin	-5,6%	-11,5%	-1,2%	5,5%	0,3%	9,8%	9,8%
Income before paying interest and taxes (EBIT), billion. sum	(20,3)	(50,1)	(6,6)	62,1	3,3	142,2	195,5
The next Net operation profit paid in taxes, billion. sum	(22,4)	(50,1)	(7,6)	54,7	3,2	27,4	30,4
Pure reinvestments, billion. sum	4,8	(108,2)	(30,1)	7,4	(90,3)	(169,3)	114,7
Free cash flows, billion. sum	(17,6)	(58,1)	(22,5)	47,3	(87,1)	(141,9)	84,3
Discount rate	14,9%	15,7%	15,6%	16,7%	14,6%	14,9%	15,7%
The current value of free cash flows, billion. sum	(15,3)	(43,4)	(14,6)	25,5	(44,1)	(61,7)	30,4

In general, the discounted cash flow forecast of "Andijan Territorial Electric Networks Enterprise" JSC shows that the net operating profit after taxes has a tendency to grow from year to year. However, as a result of the increase of net reinvestments in the capital over the years, the company's free cash flows become negative.

Income before interest and taxes is expected to reach 13.4 billion sums in 2023. One of the main reasons for this can be explained by the increase in other incomes. Net operating profit after taxes in 2017 reached 8.0 billion sums, but this indicator indicates that in 2023 it will be 9.3 billion sums. The reason is that the reduction of the tax burden of joint-stock companies leads to an increase in income by reducing the amount of taxes paid.

Net reinvestments showed negative 31.0 billion sums in 2017, and it is expected to reach negative 5.8 billion sums in 2023. It can be seen from this that it shows that the funds of the company are being spent on investment. The analysis of discounted free cash flows shows that in 2017, the current value of the company's free cash flow was negative 19.3 billion sums, and in 2023, it is expected to reach a positive 1.0 billion sums.

[14] It was identified by the author on the basis of the reports of Andijan regional enterprise of electric grids.

Table 7

Discounted cash flow forecast of "Kokand Mechanical Plant" Joint Stock Company[15]

Indicators	2017	2018	2019	2020	2021	2022 P	2023 P
Income growth	43,0%	-4,2%	-60,7%	-60,0%	62,1%	50,0%	43,1%
Net income from the sale of products, billion sums	83,9	80,4	31,6	12,6	20,5	30,7	43,9
Operational margin	11,8%	8,4%	-1,3%	2,4%	3,2%	17,6%	35,2%
Earnings before interest and taxes (EBIT), billion sums	9,9	6,8	(0,4)	0,3	0,7	5,41	13,4
Net operating profit after taxes, billion sums	8,0	5,5	(0,4)	0,3	0,6	8,1	9,3
Net reinvestments, billion. soum	(31,0)	(1,8)	(12,1)	(2,2)	(7,9)	(3,1)	(5,8)
Free Cash Flows, billion soum	(23,0)	(3,7)	(11,7)	(1,9)	(7,3)	5	3,5
Discount rate	19,1%	20,1%	20,1%	21,1%	18,9%	19,1%	20,1%
Current value of free cash flows, billion. soum	(19,3)	(2,6)	(6,8)	(0,9)	(3,1)	1,8	1,0

In general, the discounted cash flow forecast of JSC "Kokand Mechanical Plant" shows that the net operating profit after taxes has a tendency to grow from year to year. However, as a result of increasing net reinvestment in capital over the years, the company's free cash flow is negative.

Analysis

If the amount of free money and working capital of Joint-Stock Companies also increases equally, it means that their assets are constantly growing, as a result of which cash flows are increasing. Therefore, the parallel increase in working capital and free cash flows serves to ensure that company constantly increases cash flows.

In our opinion, the correlation FC>WC>D of the change in fixed capital (FC), working capital (WC) and depreciation expense (D), which affects the amount of cash funds directed to the reinvestment of the Joint Stock Company, leads to a 2-time increase in the volume of free cash flows by ensuring strict adherence to the norms of production and financial activities of the joint stock company. Also, when we analyzed the free cash flows of the joint-stock companies "Andijondonmahsulot", "Andijan regional enterprise of electric grids" and "Kokand Mechanical Plant" selected in our research, we found that the change in fixed capital (FC), working capital (WC) and depreciation expenses (D) is interdependent. As a result of ensuring compliance with the requirements of FC>WC>D, joint stock companies strictly adhere to the standards of production and financial activity, it was observed that free

[15] It was determined by the author on the basis of the reports of JSC "Kokand Mechanical Plant".

cash flows doubled. As a result, the net reinvestment funds of "Andijan regional enterprise of electric grids" JSC will be 90.3 billion sums in 2021.

In general, the discounted cash flow forecast of JSC "Kokand Mechanical Plant" shows that the net operating profit after taxes has a tendency to grow from year to year. However, as a result of increasing net reinvestment in capital over the years, the company's free cash flow is negative.

In our opinion, joint-stock companies will increase the company's current cash flow in the projected period by 1.5 times by providing the acceptable limit of the weighted cost of capital (WACC) in the range of 0.15<WACC<0.18 when performing discounted cash flow forecasting. According to the analysis of the forecasting of the discounted cash flows of the joint-stock companies "Andijondonmahsulot", "Andijan regional enterprise of electric grids" and "Kokand mechanical plant", the weighted average cost of capital of the joint-stock companies, in particular, the current cash flow forecasted to be 0.15<WACC<0.18 shows that the current increases by 1.5 times.

Conclusion and suggestions

In conclusion, free cash flow of joint-stock companies serves to forecast the cash flow of the company and determine the value of the company through discounted cash flows. Also, in order to assess the value of the joint-stock company, it is necessary to determine the free cash flows of the capital. In particular, the cash flow of a joint-stock company allows you to determine the cash flow in equity and the cash flow in debt capital.

Firstly, in the analysis of free cash flows, the analysis of cash flows in the assets of joint-stock companies, cash flows in capital and cash flows in creditors is carried out. It should be noted that the creditor free cash flow indicator is very important for creditors. The free cash flow in the capital is widely used to evaluate the effectiveness of the dividend policy of joint-stock companies for their shareholders, and also serves to analyze investment projects financed by shareholders.

Secondly, a sharp increase in other operating expenses and a sharp increase in the cost of products is the reason for the sharp decrease in the income before interest and taxes of joint-stock companies. Therefore, it is advisable to optimize other operating expenses to increase free cash flow. As a result of minimization of other operating costs, the opportunity to increase the free cash flows of the joint-stock company is created.

Thirdly, factors affecting the change of working capital of joint-stock companies are inventory, receivables and payables. Therefore, in order to prevent the decrease of the working capital of joint-stock companies, it is necessary to ensure that the creditor's debt is always smaller than the debtor's debt. The fact that receivables are greater than payables indicates that joint-stock companies have expected cash flows. This, in turn, allows for an increase in cash flows from net investment.

At fourth, free cash flow is the actual cash flow of a joint-stock company. It also shows the funds formed as a result of the activities of joint-stock companies. It also allows joint-stock companies to pay dividends. In particular, free cash flows of joint-stock companies show how efficiently working capital is used. If free cash flow decreases due to increase in working capital, it means that joint-stock companies are not using working capital efficiently to buy low-income assets.

If the amount of free money and the amount of working capital of the joint-stock companies also increase, it means that their assets are constantly growing and cash flows

are growing. Therefore, the parallel growth of working capital and free cash flows serves to continuously increase the cash flows of the company.

Net operating profit after taxes in the discounted cash flow forecast showed a year-over-year growth trend. However, as a result of increasing net reinvestment in capital over the years, the company's free cash flow is negative. This, in turn, indicates the amount of funds directed to the development of company.

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