

# **FINANCE**

lecture series  
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# PRESENTATION

- The course "Finance" is one of the leading places in the system economics. It includes both theoretical concepts of the science of finance, as well as practical aspects of the use of categories of business processes.
- Finances are an important component in the structure of the market economy, through the mechanism which actively affect the business, reproduction in whole.

# The Course of the "Finance"

is an introductory, preceded the study of other disciplines, such as:

**"State Budget"**

**"Taxes and taxation"**

**"Finance business entities"**

**"Financial Management"**

**"The financial control and audit"**

The object of the branch of science "Finance" are considered financial resources - potential sources of cash income, savings and assets.

The subjects of Finance are members of financial relations - economic, commercial, government, public and other agencies, institutions, households and other economic agents

## The History of the word finance

**The external manifestation of finance in the economy is in the form of movement of funds from various participants in social production as a transfer of cash from one owner to another in the form of non-cash or cash payments. This was especially true during the origin of the term "finance", from the Latin "finis" - end, finish, ending the payment settlement between the subjects of economic relations (originally in ancient Rome - between the people and the state). Later, the term evolved into "financia", used in a wide sense, as a cash payment, and then - as a combination of income and expenditure and any business units, their complexes**

# The History of the word finance

The authorship of "Finance" is attributed to French scientist J. Bodin, who published a paper "Six Books of the Republic" in 1577

The first author of the Financial was Xenophon (430-365 years. BC) "The income of the Athenian republic."

For Aristotle (384-322. BC. E.) views in the field of finance outlined in the paper "The Athens government."

# the basis of Finance

**The initial scope of financial relations are the primary processes of allocating the cost of the social product**

$$\text{GDP} = c + v + m:$$

**c – cost expended means of production;**

**v – payment;**

**m – surplus product**

**The formation of various forms of incomes and savings. Further redistribution of costs between business entities and specification of the target using it too is based on the finances**

# Manifestation of Finance

**Distribution and redistribution of value through finance endnotes cash flow, taking particular form of financial resources.**

**They are formed in entities and the state through various types of cash income, deductions and income are used for expanded reproduction, incentives work, satisfaction of social and other needs of society**



# Determination of Finance

- *Finance* - this is money relations arising in the process of distribution and redistribution of gross social product and part of the national wealth in connection with the formation of incomes and savings from business entities and the state, as well as using them for extended reproduction, incentives work, satisfaction of social and other the needs of society

## Functions of Finance

**The essence of Finance as a special sphere of distribution relations manifested primarily through the *distribution function*. It is through this function is implemented social purpose finance - providing each entity needed financial resources to it in the method of distribution, legal entities and natural persons (government, businesses, associations, organizations, institutions and individuals) who are members of the reproductive process, the disposal of which form the foundation of trust appointment.**

# Functions of Finance

Finances related to the value of the social movement of the product, expressed in monetary terms, have the ability to quantitatively (through financial resources and funds) to display the reproductive process as a whole and its various phases. Movement of financial resources, as is happening in the stock and in non stock forms, is the basis of the control of the finance function

## Relationship of Finance with other economic categories

**The relationship is shown through the following financial economic categories:**

- 1) price;**
- 2) salary;**
- 3) the credit**

## *The relationship with the price*

**Price prepares the conditions for the functioning of finance. Or to accumulate in the entity, but then increase the amount of taxes or social product increased, resulting in the release of resources, which move in the industry with the highest rate of return (income).**

**Price distributes only a portion of gross national product (the one where the price deviates from the price), and finance - the entire cost of the gross national product.**

## *The relationship with the credit*

**Feature of the loan is that the bank funds are issued for a fixed term, and on certain conditions and subject to repayment, and finance - are issued for a specific purpose, and usually free, forever**

**With the help of the loan is the redistribution of financial resources between businesses and citizens**

## *Relationship with wages*

**With many forms of finance funds, and with wages - wages and bonus pool. They make up the payroll. Wages - the basis for taxation.**

**The source of wages are the financial resources and payroll for its economy itself becomes a source of funding**

# Financial System 1

**The concept of "financial system" includes a set of relations on the basis of which is produced and used by the relevant funds of funds, as well as the bodies that organize the relationship.**

**The first area where the finance - state. System, through which the state collects and spends money, called the public finances (Public Finance).**



## Financial System 2

**In addition to the state, there are different kinds of entities, so the second sphere is called finance businesses. It is a tool that allows businesses to collect funds (Corporate Finance).**

**The third area - finance households (population) Private Finance**

## Public Finances

*State budget* (it concentrates enormous financial resources) - the national and local budgets.

*Extra-budgetary funds* - funds that concentrate in non-governmental and governmental organizations (national, Innovation and Investment Fund of Kazakhstan).

*State credit* included in the financial system, as it has its own properties and finance and credit in it an indispensable party relations is the state represented by its competent authorities.

# Finance business entities

## **1. Finance material production companies:**

**industry;  
construction;  
agriculture;  
communications;  
cargo transport;  
prospect**

## **2. Finance nonproductive enterprises (non-commercial) areas:**

**education;  
health;  
defense;  
fundamental research;  
public order and safety;  
culture and art**

## Finance population

**Population (citizens) are the financially with your money from a national financial system and economic entities. This diversity of relations related to the remuneration of the population benefit from the funded pension system, obtaining tangible and intangible benefits. On the other hand the population pays taxes, pays for the services of government and other enterprises. These relationships arise when purchasing consumer goods, public services (defense, public order, public services, etc.).**