

# OWN CAPITAL

## Functions of own capital

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graph TD; A[Functions of own capital] --> B[operational]; A --> C[protective (absorbent)]; A --> D[distributive]; A --> E[regulating];
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operational

is connected with maintenance of continuity of activity of the organization

protective  
(absorbent)

is aimed at protecting the capital of creditors and compensating the losses of the organization

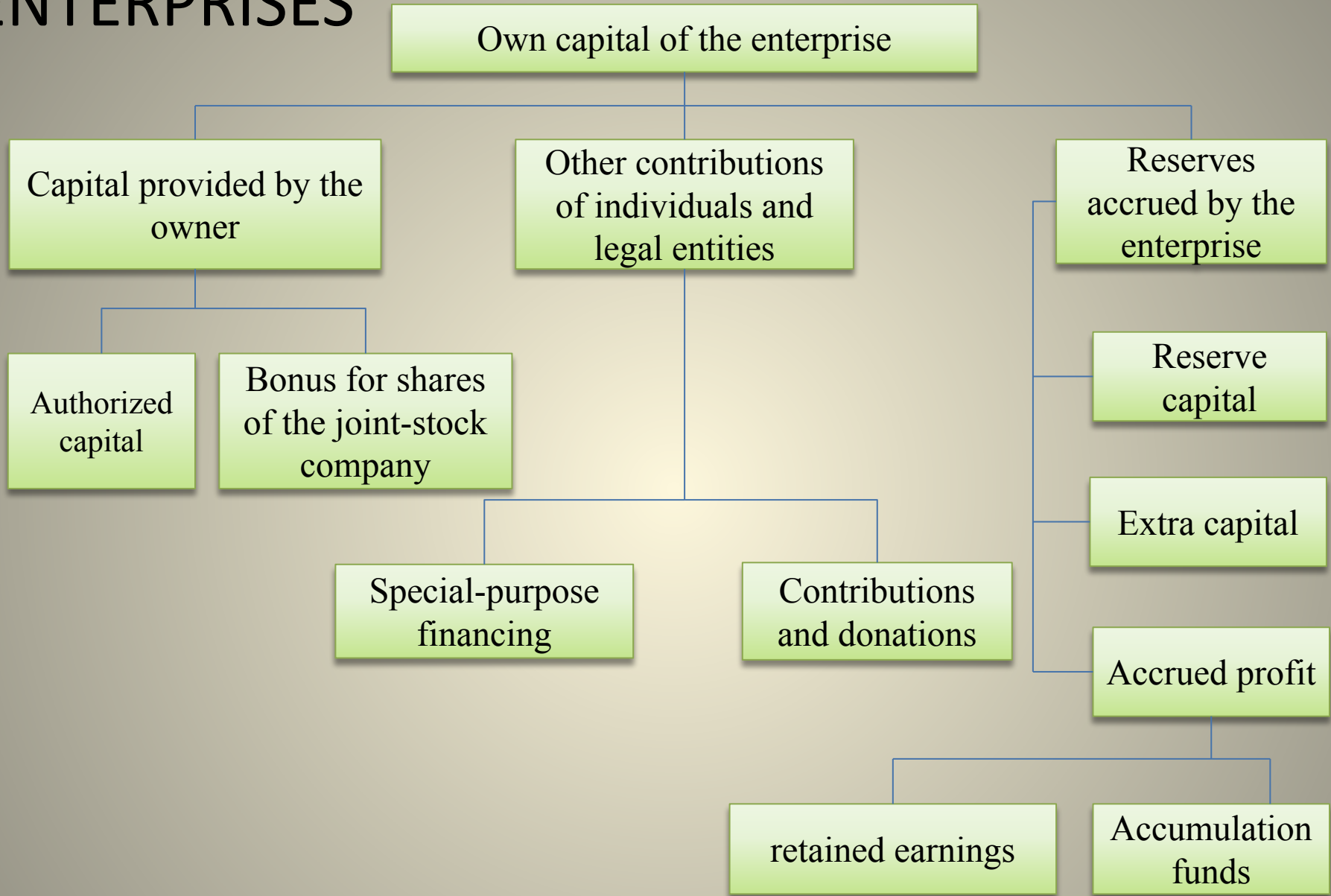
distributive

is connected with participation in distribution of the received profit

regulating

determines the scope and scope of borrowing sources of financing, as well as the participation of individual entities in the management of the organization

# ENTERPRISES



# CAPITAL COMPOSITION

## *Own capital composition*

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graph TD; A[Own capital composition] --> B[Investment Capital]; A --> C[Accumulated capital]
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### Investment Capital

capital invested by owners.

The invested capital is presented in the balance sheet of Russian organizations in the form of authorized capital and in the form of share premium in the composition of additional capital.

### Accumulated capital

capital created beyond what was originally advanced by the owners. It is reflected in the form of articles formed at the expense of net profit (reserve capital, retained earnings).

# Features of valuation of equity

1. The need for a constant adjustment of the carrying amount of equity in the evaluation process.



2. The evaluation of the value of newly attracted equity is probabilistic, and, therefore, largely conditional.

Undistributed profit is the main source of accumulation of property of an enterprise or organization. This is part of the gross profit left after the payment of the profit tax to the budget and the diversion of funds from profits for other purposes.

Special purpose funds characterize the net profit, directed to the production development and expansion of the enterprise, as well as to social activities.

Other reserves include reserves that are created at the enterprise in connection with the forthcoming large expenses included in the cost price and distribution costs. Subsidies and income are generated as a result of special allocations from the budget, extrabudgetary funds, other organizations and individuals.

## Conclusion:

Own financial resources for each enterprise, albeit nested and in a free state, are that vital part without which neither the work nor the continued existence of the enterprise is possible. Not for nothing, among the classification of total capital, it is the division into own and borrowed capital that comes first.

Available own funds allow the enterprise to use them both at its discretion and in certain cases in accordance with legally established areas. Everything depends on the source of such financing from the elements of own capital.