

ANALYSIS AND NECESSITY OF THE FINANCIAL CONDITION OF THE
ENTERPRISE: FINANCIAL AND ECONOMIC

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ABSTRACT	KEYWORDS
<p>This article describes the analysis of the financial position of economic entities and the fact that scientific research is carried out on the shortcomings that arise in the financial report during the period of the enterprise's activities. In the implementation of the activities of the Enterprise, each economic entity must analyze the financial condition of its enterprise. The need for financial analysis at the enterprise is considered and determined during the analysis, the classification of types of financial analysis, which affects the financial and economic condition of the enterprise, reflects the main users of its financial data, and also methodical methods of financial analysis of the enterprise are considered. Scientifically based conclusions have been developed on the results obtained from the analysis of the financial condition of business entities.</p>	<p>Financial status, financial analysis, solvency, methods, financial stability.</p>

Introduction

In modern economic conditions, the activities of each economic entity attract the attention of a wide range of participants in market Relations who are interested in the results of its activities. Almost all users of financial reporting use financial analysis methods to make decisions to optimize their interests. Analysis of the financial condition of the enterprise, organization is carried out by managers and related services, as well as founders, in order to study the effective use of resources, increase capital profitability and ensure the stability of the position of the enterprise. Owners analyze reports to increase capital profitability, ensure the stability of the position of the enterprise. To minimize its risk on loans and deposits, creditors and investors analyze financial statements, suppliers for timely receipt of payments, tax checks for the implementation of the budget funds plan, etc.

We can say that the quality of the decisions made depends entirely on the quality of their analytical validity.

In order to ensure the survival of the enterprise in modern conditions, management personnel must first of all be able to really assess the financial condition of their enterprises and existing potential competitors. Financial condition is the most important feature of the economic activity of the enterprise.

It determines competitiveness, potential in business cooperation, assesses to what extent the economic interests of the enterprise itself and its partners in terms of financial and production are guaranteed. However, the ability to really assess the financial situation itself is not enough for the successful operation of the enterprise and its goal to be achieved. The competitiveness of an enterprise can be ensured only by the financial resources at its disposal and the correct management of the movement of capital.

The financial condition itself determines the level of viability of the operating system in the changing conditions of the external and internal environment and its main components. Including traditional, that is, business activity, liquidity of the balance sheet, solvency, is defined as a set of criteria that reflect financial stability, as well as: efficiency of financial and economic activity, efficiency of financial and economic activity, creditworthiness and attractiveness of the organization's investment.

The financial condition of an enterprise, a category that reflects the state of capital in the process of its circulation within a specified period of time. Characterizes the ability of the enterprise to self-development and self-financing.

The financial condition, as a rule, determines the potential of the enterprise: the situation in a competitive environment also determines the degree of guarantee of economic interests, which plays a large role in matters of business cooperation. Thus, it can be noted that the state is determined by the effectiveness of managing the enterprise with its financial resources.

The financial condition of the enterprise can be stable, unstable and crisis.

A crisis financial condition, in addition to these signs, is characterized by an unstable financial situation, the presence of regular payments (expired loans of banks, expired debts to suppliers, debts to the budget).

Unstable financial condition is characterized by a violation of financial discipline, interruptions in cash receipts to the current account and a decrease in the profitability of activities.

The stable state is constantly achieved in the process of all activities of the enterprise, and the enterprise is characterized by the ability to make payments on time and, if something happens, the ability to withstand the onset of unforeseen circumstances. And, of course, a financially stable enterprise does not come into conflict with society and pays various deductions on time, such as taxes, duties, fees, contributions to funds, wages for workers and dividends to shareholders.

To fully ensure a stable financial condition, the organization must have a flexible structure of capital, be able to organize the entire process of movement of capital and fixed assets in such a way that there is an opportunity to ensure solvency and constantly exceed income costs.

It is necessary to highlight the content of the analysis of the financial condition. The purpose of the analysis will be to assess the financial situation and determine the possibilities of increasing efficiency with the help of financial policies.

The financial condition is characterized by a system of indicators that reflect the real and potential financial capabilities of the economic entity as an object of business, an object of capital investments, a taxpayer. A good financial condition is the ability to effectively use resources, respond fully and timely to its obligations, the adequacy of its own funds to exclude high risk, good prospects for profit, etc. A bad financial situation is manifested in unsatisfactory solvency, low efficiency in the use of resources, inefficient placement of funds and their immobilization. The limit of the bad financial situation of the enterprise is the bankruptcy situation, that is, the inability of the enterprise to meet its obligations.

The analysis of the financial condition is a scientific basis, on the basis of which management decisions are made in business. To justify them, it is necessary to identify and predict existing and possible problems, production and financial risks, to determine the impact of the decisions made on the level of risk and income. Financial reporting is the most important source of information about the activities of the organization. The interpretation of financial reporting indicators by different business entities is necessary for the adoption of various management decisions.

As an economic system, the economic entity is the main link through which the purpose of production is carried out. The financial condition of the enterprise is characterized by the composition and location of funds, the structure of their resources, the speed of capital turnover, the ability of the enterprise to timely and fully pay its obligations, as well as other factors. A reliable and objective assessment of the financial condition of the enterprise is needed by many users. To obtain it on the basis of preliminary documents, current accounting data, indicators of a business plan, balance sheet and other financial statements, certain indicators, rules and methodology for their assessment are required. To assess the financial condition, theory and practice determine indicators of profitability and liquidity.

An analysis of the financial condition exists and allows you to identify only the problems that have arisen and attract the attention of the management of the enterprise to them. Based on the assessment of the current financial condition, it is advisable to determine the content of the analysis of financial statements based on the goals and objectives of the report formulated in the accounting legislation and international standards of financial reporting.

Material

The role of analyzing the financial situation of an enterprise in the context of economic reforms is enormous. This is due to the fact that enterprises achieve independence, they are fully responsible for the results of their activities for shareholders, employees, suppliers, banks and creditors.

The financial condition of an enterprise, this is a set of indicators that reflect its ability to pay off debt obligations. Financial activity covers the processes of formation, movement and security of the property of the organization, control over its use. The financial condition of an enterprise is characterized by the availability of financial resources necessary for its normal functioning, the feasibility and effectiveness of their placement, financial relations with other legal entities and individuals, solvency and financial stability.

Foreign and domestic scientists paid attention to the problem of the analysis of the financial condition of the enterprise, the determination of management tasks on its basis and the need to make management decisions.

Professor, E. Kuzmina comments as follows. "As the main tools for financial holtan analysis are horizontal (dynamics of indicators), vertical (analysis of structural articles), trend, comparative (spatial), factor methods, as well as a system of relative indicators (coefficient)" [1].

Professor, A. Vakhobov, and in the textbook of financial analysis published by Ibragimov, such a definition of the insolvency of an enterprise is given. "When the solvency is said, it is understood to determine whether the farm has sufficient or insufficient funds necessary to fulfill the payment obligations to which the term has come" [2].

In an article published by L. Chechevitsina, "The methodology for analyzing financial statements is based on knowing and understanding the economic essence of reporting articles, the content of the main

analytical relations of reporting forms, restrictions inherent in the balance sheet and the corresponding reporting forms" [3].

G. V. Savitskaya understands the financial condition of the enterprise as "a complex economic category that reflects the ability of the business entity to finance its activities, pay obligations on time, while maintaining investment attractiveness" [4].

A. D. Sheremet believes that "the financial condition of an enterprise is characterized by the structure of funds and the nature of the sources of their formation (own and borrowed capital, that is, liabilities)" [5].

V. R. The Bank says. Financial condition, which is "an economic category that reflects the state of capital in the process of circulation and the ability of the economic entity to develop itself at the specified time, that is, the possibility of financing its activities. It is characterized by the availability of financial resources necessary for the normal functioning of the enterprise, the expediency of their placement and the effectiveness of their use, financial relations with other legal entities and individuals, solvency and financial stability" [6].

The analysis of the financial situation of the enterprise is an important element of anti-crisis management, which becomes of particular importance within the framework of Arbitration management when the issue of finding the debtor bankrupt arises. V. A. Chernenko and N. Yu. Shvedova distinguishes between crisis and anti-crisis diagnostics of the enterprise [7].

Quick diagnostics of the financial situation of the Enterprise includes the following main stage: identification of the objects of monitoring the "crisis area"-various aspects of the economic entity's activities in the financial sphere that pose the risk of a crisis situation; selection of optimal financial indicators and coefficients for each object of monitoring the "crisis area" – indicators of the level of crisis threat; analysis of the financial condition of the enterprise, comparison of the actual level of indicator indicators with planned or regulatory indicators and determination of the volume of deviations in dynamics; the final stage of Express Diagnostics is an assessment of the crisis state of the enterprise [8].

Models of foreign authors submitted for analysis of the likelihood of bankruptcy cannot accurately characterize the enterprise, since they are developed on the basis of research conducted by foreign organizations that are in a different economic environment and are subject to other features of bankruptcy legislation. [9].

In our opinion, different interpretations of the financial status imply different goals for its assessment. From the point of view of the business entity, the result of the analysis of the financial status is to determine the optimal amount of reserves of the enterprise, the norm of which should be sufficient to ensure solvency and minimize financial risk costs, on the other hand, not to distract excess circulating resources from current.

Financial condition is the most important feature of the enterprise's activities, determines its technical and economic potential and competitiveness, and also serves as a guarantee of the effective implementation of the economic interests of all members of the enterprise and its partners. The financial situation is represented by the structures of its assets and liabilities, that is, the ratio of the funds of the organization and their sources.

The financial condition of the enterprise depends on the results of its investment, production, commercial and financial activities. If production and financial plans are implemented, the financial situation will improve. As a result of non-compliance with the production and sales plan, its cost

increases, income decreases, the amount of profit decreases, and as a result, the financial condition of the organization deteriorates.

In modern economic conditions, the activities of each economic entity attract the attention of participants in market Relations who are interested as a result of its activities. The main tool for this is financial analysis, with the help of which it is possible to objectively assess the internal and external relations of the analyzed object: describe its solvency, efficiency and profitability, prospects for development, and then, according to its results, make informed management decisions.

One of the ways to reduce financial and operational risks is to constantly carry out a qualitative analysis of the financial condition of the organization. It is financial analysis that allows you to determine the optimal structure and composition of assets, select sources of financing and optimize capital structure, manage financial flows to ensure solvency and financial stability.

It is customary to distinguish two types of financial analysis: internal and external.

Internal financial analysis is an integral part of the management of the organization's activities and provides information about the current financial situation. Its purpose is to substantiate management decisions of an investment and financial nature within the framework of the strategy developed and adopted for the development of the enterprise.

Internal financial analysis is carried out by financial managers of an enterprise or owners of its property using a whole set of available informative indicators of a financial and non-financial nature. Internal financial analysis allows you to assess: the property status of the enterprise; the provision of financing for the current activities of the organization; the level of liquidity and solvency of the enterprise; the possibility of paying short and long-term obligations; the level of entrepreneurial risk, in particular the possibility of paying obligations to third parties; the adequacy of capital for current activities and long-term investments; the need for additional sources of financing; the ability to increase capital; the rationality of attracting borrowed funds; the validity of profit distribution policies; business activities of the organization; the possibility of bankruptcy, etc.

The results of such an analysis may reflect the commercial mystery of the organization.

External financial analysis is an integral part of financial management, external users provide information about the financial condition of the enterprise and is a form of Public Financial Reporting. External financial analysis is carried out by tax administrations, audit companies, banks, insurance companies, which are unauthorized persons for the enterprise and therefore do not have access to the internal information base of the enterprise, to study the correctness of reflecting the financial results of the organization, its financial stability and creditworthiness. External analysis is less detailed and formalized.

Financial analysis includes the following stages: collection of necessary information; information processing; calculation of change indicators in financial reporting articles; calculation of financial coefficients in the main aspects of financial activity; comparative analysis of the values of financial coefficients with standards; analysis of changes in financial coefficients; preparation of conclusions about the financial condition of the enterprise based on the interpretation of

Modern financial analysis has certain differences from the traditional analysis of the financial and economic activities of an enterprise. First of all, this is due to the increased influence of the external environment on the work of organizations. In particular, the dependence of the financial situation of economic entities on inflation processes, reliability of suppliers and buyers, complex organizational and legal forms of activity increased.

As a result, modern financial analysis tools are expanding with new methods of accounting for these phenomena.

Methods

The financial situation of the organization is analyzed using various methods and methods. There are various classifications of methods of financial analysis. In the practice of financial analysis, the main methods for analyzing financial statements have been developed: when conducting a horizontal analysis, each article of the financial statement is compared with the previous period for determining the dynamics of indicators reflected in the reports, as well as for analyzing the dynamics of the structure of indicators; vertical (structural) analysis is the establishment of the structure of financial indicators and the determination of the impact of each article of financial statements on the overall functioning of the organization, reflected in the forms of accounting financial statements; trend analysis is carried out by comparing each reporting element with a number of previous periods and then identifying the main trend in the dynamics of indicators; comparative analysis is divided into internal (comparison of the main indicators of the organization, branches and divisions) and interdisciplinary (comparison of the organization with the indicators of competitors and average indicators); factor analysis involves the analysis of the influence of individual factors (reporting articles) on the studied efficiency indicator. To assess the financial condition of an organization, a number of features are used that can be used to most fully and accurately determine the state of the organization in the external and internal environment.

The methodology for analyzing the financial condition of the organization includes graphical, tabular and coefficient methods. The graphical method of financial analysis allows you to assess the financial condition of both the entire organization and individual objects of financial analysis. The subsequent assessment of the past and present financial condition of the organization is carried out using a graphical representation of the relative or absolute values of the financial statements on the balance sheet at the beginning and end of the period being analyzed in order to predict its future financial condition.

When using the analysis method, of course, after receiving all the data of the enterprise, a plan is drawn up for further activities that indicate the aspects that need to be analyzed. The plan recommends noting which aspects should be addressed and which aspects can be briefly described. Any analysis begins with a detailed, thorough study of the object or its specific side. The full use of comparative methods is based only on the detailed study of all objects that need to be compared. The tactics of the selected analysis cannot be changed until the end of the analysis, otherwise the logic of the study may be lost.

Discussion and outcome

The main purpose of the analysis of the financial situation is to increase the efficiency of the activities of the economic entity, identify and eliminate deficiencies in financial activity, and find reserves for improving the financial condition of the enterprise and its solvency. Within the framework of the analysis of the financial situation of the company, the current state, dynamics of the object of research, as well as its projection into the future, that is, the expected parameters of the future financial situation are studied. Therefore, the main goal is studied in the following order: to determine the current state of the object under study, determine changes and determine the factors that are the cause of these changes and predict the main trends in the dynamics of the object being analyzed. In the analysis process, the indicators of the enterprise are compared with the average indicators of the world market economy,

country or industry; comparing the indicators of this reporting period with the indicators of previous periods, as well as with the planned indicators of the reporting period; comparison of enterprise indicators with indicators of similar competitors.

Analysis of financial condition has the main functions: determination of the well-being of the enterprise; identification of the main factors and causes that caused changes in the period of the object's state and consideration of their effects; preparation of recommendations for improving the financial stability and solvency of the enterprise; prediction of the main trends in the development of the object.

These tasks are solved by studying the dynamics of absolute and relative financial indicators. The analysis is divided into the following components: structural analysis of assets and liabilities; analysis of financial stability, characterized by a satisfactory and unsatisfactory structure of the balance sheet and reflecting the financial results of economic activity; analysis of the liquidity of the enterprise, which means the level of compensation of the enterprise's liabilities with its assets, the term of its conversion into cash corresponds to the term of liabilities; analysis of solvency, that is, the ability of the enterprise to timely meet the payment requirements of suppliers, pay loans and creditworthiness and other payments; in order to correctly understand the content, purpose and tasks of the analysis, it is necessary to classify it. To carry out the classification, it is necessary to choose a criterion.

There are several systems for classifying types of financial analysis according to different characteristics (Table 1).

Table 1. Classification of types of financial analysis¹.

Classification symbols	Types of analysis
By transfer form	Internal. External.
Object of analysis	At the organizational level. By structural unit or subdivision. For a separate financial transaction. By breeding stages. By resource types. By type of activity.
By research volume	Full. Thematic.
By methods used	Horizontal. Vertical. Trending. Analysis of relative indicators. Comparative. Factors.
By spatial feature	Internal. Inter-company.
By time-based	Promising (predictive, preliminary): short-term, medium-term and long-term. Operational. Next (final).
Control object	Networks. At the enterprise level. At the level of structural divisions of the enterprise. By breeding stages. By resource types. By type of activity.
By network sign	Network (network, agriculture, construction, trade). Inter-network.
By the degree of coverage of the studied objects	Bold. Selected.
By program composition	Complex. Thematic.
By form of evaluation of the results	Quantitative. Quality.

¹Source: Developed by the author on the basis of scientific research.

The effectiveness of enterprise management is largely determined by the quality of the information base and the thoroughness of its analytical processing.

Financial Analysis, Analysis of financial indicators that reflect the financial results and financial condition of the enterprise. Financial indicators are mainly present in the financial statements of organizations, therefore it serves as an information base for financial and economic analysis.

Financial reporting is public and open, so it is used to meet the different interests of external and internal users. So, for example, the owners of the company are interested in capital profitability and financial stability. External users of this type of information, including creditors, suppliers, buyers, are worried about information about the solvency of the enterprise, product quality, reliability of delivery. Investors are interested in the financial prospects of the organization in the future, whether it is worth investing in it or not. Information and consulting companies use the information contained in financial statements to make recommendations to their customers on the placement of capital in a particular enterprise.

Trade and production associations carry out a comparative analysis and assessment of the results of activities at the network level based on the report.

As shown in Figure 1, the main users of the financial data of the enterprise can be expressed as follows.

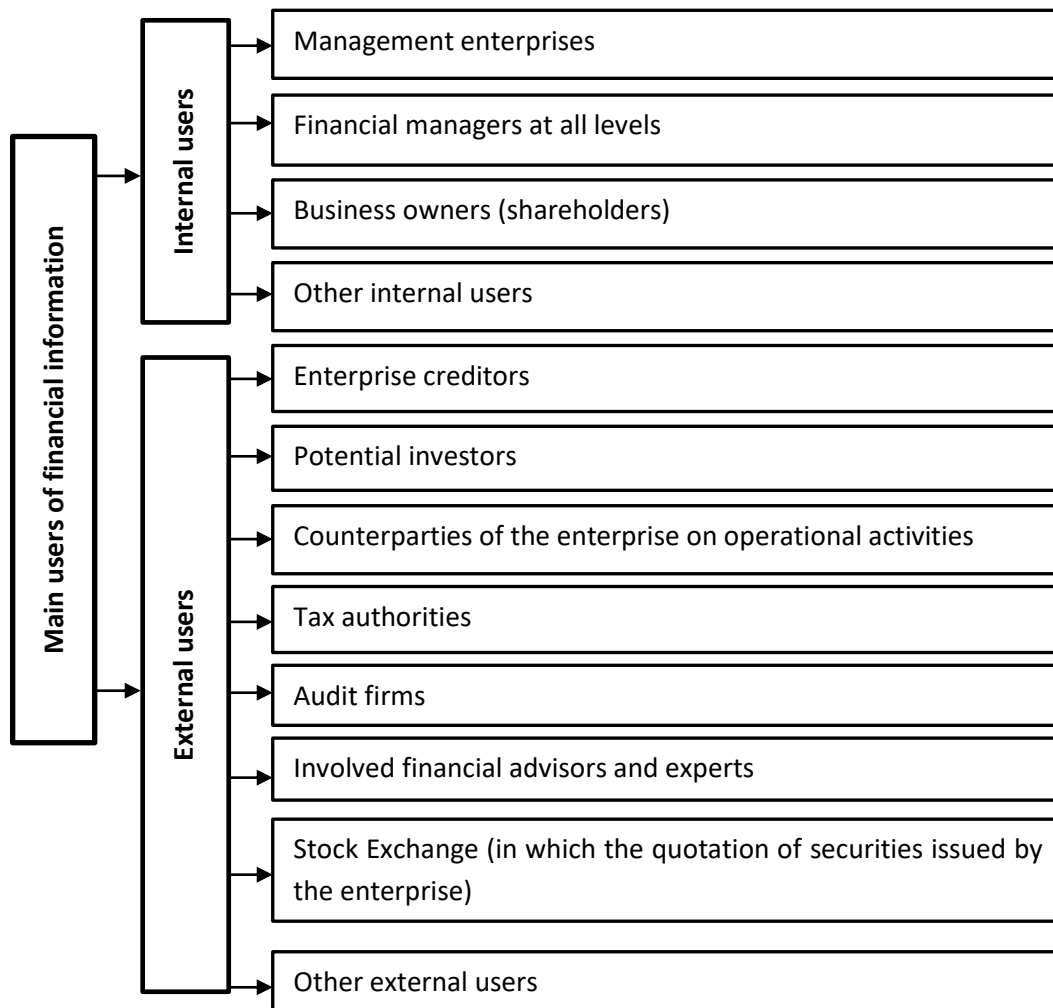


Figure 1. Features the composition of the main users of the financial data of the enterprise².

²Source: Developed by the author on the basis of scientific research.

Financial stability, is an enterprise that compensates for funds invested in assets at its own expense and does not allow unreasonable accounts receivable and creditor debts and pays its obligations on time.

If the enterprise has a reserve of its own funds, then this characterizes the reserve of stability, provided that its own funds exceed the borrowed funds.

The coefficients of financial stability of an enterprise characterize the structure of the capital it uses in terms of its solvency and financial stability of development. These indicators should interest creditors and investors the most, since the corresponding coefficients allow you to assess the degree of their protection against the inability of the business entity to pay long-term obligations. Later, the amount of such loans increased sharply. The assessment of the ability of the enterprise to pay long-term obligations is carried out using this system of coefficients. These are the following indicators: Maneuverability coefficient of own funds. Shows how much the capital invested in working capital of the enterprise has in its total capital; The coefficient of autonomy. The coefficient of autonomy indicates to what extent the assets used by the enterprise are formed at the expense of capital; The coefficient of provision of reserves with their own working capital is calculated as part of the division of their working capital into material current assets; Constant asset index. It is determined by dividing the value of long-term assets by the value of capital and reserves; The coefficient of long-term attraction of borrowed funds, the ratio of long-term loans and loans to the entire amount of the enterprise's debt; The ratio of the real value of property, the share of the production capacity in the total volume of assets. Production potential includes fixed assets, production reserves, unfinished production, cheap and outdated items.

In our opinion, the creation of scientific developments, manuals, scientific articles as a result of giving conditions to each of our researchers and scientists, who are engaged in scientific research, will serve science in the future [10].

Conclusion

Analysis of the financial condition of the enterprise, according to the results of the analysis, the enterprise can draw conclusions about its real economic condition, evaluating each indicator by the degree of impact on the financial condition.

Therefore, in most cases, the conclusion for the analysis of the financial situation will be the determination of the current state, as well as the determination of the next forecast in the event of the necessary measures. The financial condition and financial stability of enterprises largely depends on the optimal structure of the sources of their own funds and borrowed funds and the acceptability of the structure of the assets of the enterprise, as well as the ratio of basic and working capital, at the same time, it depends on the receipts and obligations of the funds.

To assess the stability of the financial situation of the enterprise, a whole system of indicators characterizing changes is used: capital structures by the location of the enterprise and sources of education; efficiency and intensity of its use; solvency and creditworthiness of the enterprise; reserve of its financial stability.

Analysis of the financial situation is carried out with the aim of studying the effectiveness of the use of resources not only by the heads of the enterprise and its relevant services, but also by its founders, investors; banks-to assess the conditions of lending and determine the level of risk; suppliers-for timely receipt of payments; tax inspectorates-for the implementation of Accordingly, the analysis is divided into internal and external.

Analysis of the financial condition of the enterprise is necessary for: assessment of the use of financial resources and capital of the enterprise; assessment of the financial competitiveness of the enterprise; assessment of the possibility of fulfilling obligations to the state and other economic entities; determination of the level of financial stability of the enterprise; determination of trends in the change in the financial condition of the enterprise; forecasting the main trends in the financial condition of the enterprise; development of effective management decisions of the enterprise, as well as other measures. Chechevitsina.

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