



EVALUATION AND WAYS TO IMPROVE THE FINANCIAL CONDITION OF THE ENTERPRISE.

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Abstract:

In modern economic conditions, the activity of each enterprise is the subject of attention of a wide range of market participants interested in the results of its functioning. At the same time, the importance of evaluating the effectiveness and financial condition of business entities sharply increases. The owners analyze the financial condition of the enterprise to increase the return on capital, to ensure a stable position. Lenders and investors study financial reports in order to minimize their risks on loans and deposits, suppliers to receive payments in a timely manner, tax inspectorates to fulfill the budget revenue plan.

Keywords: financial condition, analysis, liquidity, solvency, financial stability, profitability.

RELEVANCE OF THE TOPIC:

The leaders of the enterprise conduct an analysis in order to study the effective use of financial resources, increase the return on capital, and ensure the stable position of the enterprise. It can be said that not a single management decision can be made without an economic justification, which enhances the role of assessing the financial condition in the activities of the enterprise.

Analysis and assessment of the financial condition of the enterprise is the most important stage of financial analysis. An assessment of the financial condition can be carried out from the point of view of the formation of costs, and planning the amount of profit, and the implementation of investment projects. The relevance of the topic is due to the need to improve and constantly assess the financial condition of an enterprise in order to choose a financing and lending policy, maintain competitiveness and prevent crises.

THE PURPOSE OF THE STUDY

Is to assess the financial condition of the enterprise and develop proposals for its improvement. To achieve the goals set, the following tasks were set:

- to study the essence of the financial condition of the enterprise;
- to study the methods of financial analysis of the enterprise;
- to analyze the financial activity of the enterprise under study;
- assess the financial condition of the enterprise;
- develop recommendations for improving the financial condition of the enterprise.

THE OBJECT OF RESEARCH

IS the process of formation and improvement of the competitiveness of the enterprise.

THE SUBJECT OF THE STUDY

Is the assessment of the financial condition of the enterprise.

THE METHODOLOGICAL BASIS OF THE STUDY

Was the methods of analysis and synthesis, grouping and comparison, horizontal and vertical analysis, factorial and calculation-analytical methods, analysis of coefficients.

THE THEORETICAL SIGNIFICANCE OF THE WORK

Is the works of scientists in the field of financial analysis such as G.V. Savitskaya, A.D. Sheremet, I.T. Abdurkarimov, E.V. Negashev, D.A. Kuvshinov and others.

THE PRACTICAL SIGNIFICANCE OF THE STUDY

Lies in the development of practical recommendations that can be used in the practice of assessing the financial condition of enterprises in order to improve the financial condition of the enterprise.

Analyzing various approaches to determining the financial condition, we can conclude that the financial condition characterizes the circulation of the capital of an enterprise, the efficiency of managing financial and real assets, the ability of an enterprise to attract the necessary financial resources, expressed in a system of indicators.

The main goal of the analysis of the financial condition is to timely identify and eliminate

shortcomings in financial activities and find reserves for improving the financial condition of the enterprise and its solvency.

The content and main target of financial analysis is the assessment of the financial condition

and the identification of the possibility of improving the efficiency of the functioning of an economic entity with the help of a rational financial policy (Figure 1).

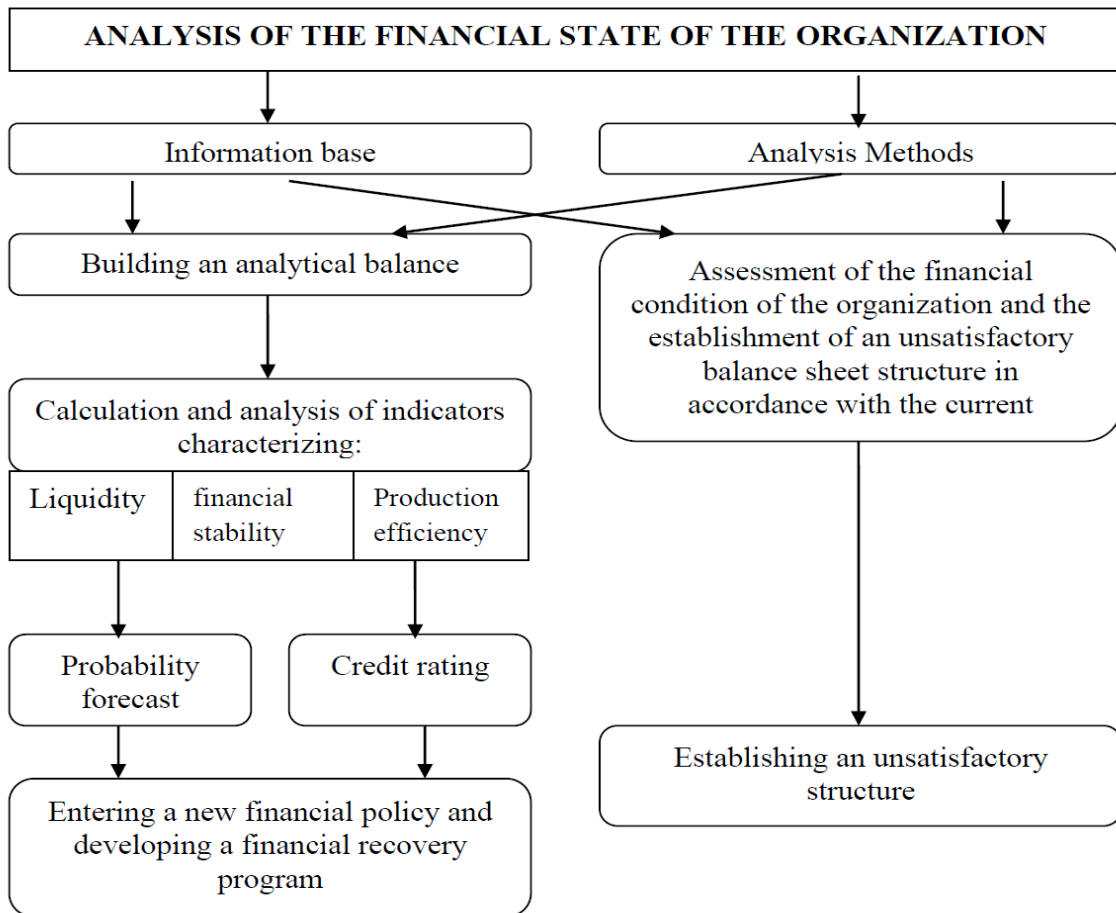


Figure 1 - Scheme for analyzing the financial condition of the organization¹.

¹ Source: Financial analysis. Financial Management [Electronic resource]: Textbook for universities. 2nd edition, revised and supplemented, M.: UNITI-DANA, 2012, p. 281.



Analysis of the financial condition of the enterprise is aimed at improving the efficiency of its work on the basis of a systematic study of activities and generalization of its results.

The objectives of the analysis of the financial condition of the enterprise are:

1. identification of the real state of the analyzed object;

The information base for the analysis of the financial condition is shown in Figure 2.

2. study of the composition and properties of the object, its comparison with the basic characteristics and standard values;

3. identification of changes in the state of objects in the spatio-temporal context;

4. establishing the main factors causing changes in the state of the object, and taking into account their influence;

5. forecast of the main trends.

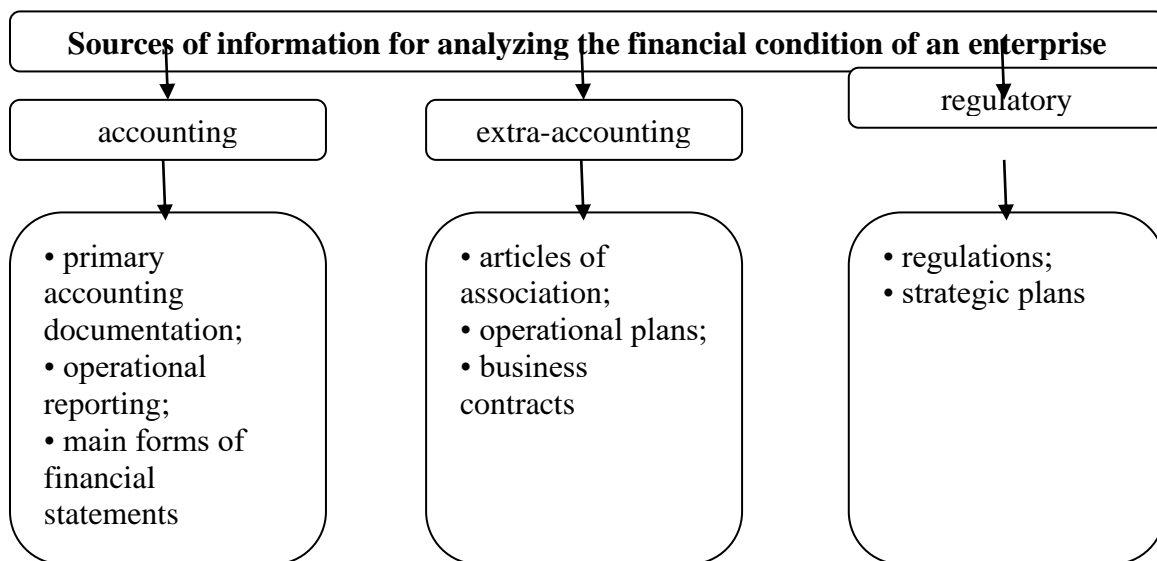


Figure 2 - Information base for the analysis of the financial condition of the enterprise.

The information base for the analysis of the financial condition is the accounting financial statements, the composition, content, requirements and other bases of which are regulated by the state.

The main sources of information in this case are the data of accounting, statistical and operational accounting, as well as all types of reporting, primary accounting documentation of the enterprise, and so on. The data of primary and summary accounting registers of accounting and reporting most accurately reflect economic phenomena, processes and results. The quantitative characteristics of mass phenomena and processes, contained in statistical reporting, allows a deeper study and understanding of the relationship of economic phenomena. Operational accounting data contribute to a faster and more timely assessment of the situation and the adoption of appropriate measures.

CONCLUSION.

Financial analysis can be both external and internal. External financial analysis is carried out in

order to identify the prospects for further activities. Internal financial analysis is aimed at identifying reserves and developing measures to increase profitability and increase equity capital, strengthen the financial condition of the enterprise and reduce financial risks.

Thus, the analysis contributes to the development of innovative activities of the enterprise, aimed at the use of scientific and technological achievements, the search for new resources, which contributes to the improvement of products and increases competitiveness.

Analysis of the financial condition of an enterprise is an important element in the enterprise management system, with the help of which the essence of economic processes is determined, the financial situation is assessed, production reserves are identified and measures are developed for their use, scientifically based plans and management decisions are made.

As a method of cognition, the analysis of the financial condition of an enterprise is carried out in a



certain sequence: setting the goal and objectives of the analysis, drawing up a plan for analytical work, a specific analysis program, which specifies: the timing of the analysis, the materials for which the analysis is carried out, the procedure for conducting the analysis and summarizing its results, executors (planning department, accounts department and others), calendar terms of performance of works.

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