



THE ROLE OF ANALYZING THE FINANCIAL SITUATION OF INDUSTRIAL ENTERPRISES IN THE MARKET ECONOMY

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Abstract:

The article examines the theoretical aspects of financial stability of enterprises and systematizes indicators of financial stability based on the specific characteristics of industrial enterprises. Also, the state of financial stability of industrial enterprises was evaluated and analyzed. Based on the results of the analysis, a scientific proposal and practical recommendations aimed at ensuring the financial stability of industrial enterprises were developed.

Keywords: stability; financial stability; financial status; financial ratios; solvency; financial resource.

The financial stability of enterprises largely depends on what and how much funds are at the disposal of the enterprise and in which direction they are included in the enterprise. The capital used is divided into equity and debt depending on the position of the direction. The company's own funds are explained by the need for self-financing requirements and it is the basis of the company's independence. However, it should be taken into account that it is not always profitable to finance the enterprise's activities at the expense of one's own funds, and this is mainly reflected in seasonal production. In some cases, large amounts of funds accumulate in bank accounts, and on the contrary, at other times, funds cannot be found. In addition, it should be noted that if the cost of financial resources is not high, the enterprise can provide a higher result than the invested funds in relation to paying for credit resources, and attracting debt funds can lead to an increase in the profitability of own funds. At the moment, if the funds of the enterprise are mainly formed at the expense of short-term liabilities, then the financial situation of the enterprise will be unstable. That is, in the use of short-term investments, it requires constant fast work aimed at avoiding long-term turnover and controlling its timely return. Therefore, the financial condition of the enterprise directly depends on the optimal balance of own and debt funds. The correct formulation of the financial strategy helps to increase the efficiency of the enterprises.





Thus, financial stability directly depends on the sources of financing the company's activities.

In this regard, it should be noted that the financial stability of enterprises, which is considered the most important component of the economic system, is important for achieving sustainable growth of the country's economy. Because financial stability and its achievement serve as a guarantee of ensuring the ability of economic entities to operate and the basis of its strong position. From this point of view, financial stability, determination of medium- and long-term financial capabilities of the enterprise are among the important economic problems. It is urgent to research the limits of the methods of assessing financial stability in the activity of the enterprise and the most effective use of their entire system, the algorithm of indicators and their interpretation, taking into account the characteristics of ownership and network.

Analysis of the Literature on the Topic

It is known that there is currently no universally accepted criterion for assessing financial stability. In addition, coefficients with the same economic content are used in different names. For example, the indicator describing the share of own resources at the total level of financial resources is named differently. In particular, the coefficient of independence *2, 3, 4, 5+ (L.V. Dontsova, N.A. Nikiforova, I.I. Mazurova, G.V. Savitskaya, O.V. Efimova), the coefficient of ownership *6, 7, 8+ (V.P. Astakhov, I.T. Balabanov, N.A. Rusak), autonomy coefficient *9, 10, 11, 12, 13, 14, 15+ (V.G. Artemenko, V.M. Bellendir, L.T. Gilyarovskaya, M.N. Kreinina, G.P. Gerasimenko, E.A. Markaryan, A.D. Sheremet, R.S. Sayfulin, A.I. Kovalev, V.P. Privalov, L.G. Makarova), private investment concentration coefficient *16+ (V.V. Kovalev). Thus, there are no uniform standards for naming the coefficients, so their different meanings complicate the comparison of the proposed methods of financial stability analysis. Two approaches can be distinguished by analyzing the existing opinions regarding the financial stability of enterprises and the indicators that describe it.

The first approach arose in the economy of the former Union states, where the solvency of the enterprise and its availability of working capital are studied as the main criteria of financial stability. However, these indicators cannot fully describe the financial situation of the enterprise, because they are calculated on the basis of the balance sheet according to a certain date - the beginning and end of the period, and therefore can undergo significant changes during this period. In our opinion, this opinion of CIS economists regarding financial stability is correct. Because for a long time, the enterprises built during the former Union period operated in stable





conditions officially established by the state, and they were not threatened with bankruptcy in the long-term plan.

The second approach was developed in the Western economic practice, in which the financial independence of the enterprise related to the ratio of debt and own funds (from creditors) was considered the main criterion of its financial stability. This opinion is also one-sided, as it does not fully take into account the financial situation of the enterprise and its development prospects. The current business practice of industrial enterprises in Uzbekistan shows that it is possible to fall into a difficult financial situation even without having debt funds in the composition of assets, that is, with positive indicators of financial stability. In the analysis of the financial situation of enterprises, the economist, professor E.A. Akramov *17+ recommended the concept of financial strength and its indicators and justified the factors affecting it. He also emphasizes that the category of financial stability is an indicator that represents the financial status of the enterprise at the necessary level and does not decrease. Professor T.S. According to Malikov *18+, the financial stability of economic entities is determined by general (coefficient of autonomy, concentration of debt capital, coefficient of the ratio of debt and equity) and relative indicators (coefficient of provision of reserves and expenses with equity capital, coefficient of financial independence, coefficient of maneuverability of equity capital) represents.

Research Methodology

As a result of our research based on the study of scientific literature, we will form a system of financial stability indicators on the example of enterprises of the construction materials industry. The specific characteristics of enterprises of this sector are as follows: - high fund capacity of enterprises; - the requirement of large-scale investments; - that the prices are monopolistic in nature; - high transport costs; - that the main market is aimed at satisfying domestic demand; - the location of the production complex in the area of the raw material base; - complexity of technological processes; - based on the high demand for labor and others, in our opinion, it is appropriate to classify financial stability by dividing it into absolute and relative indicators (financial coefficients). In particular, the system of absolute indicators of financial stability should be generally interpreted as the excess or lack of sources of funds that form reserves and expenses, arising in the form of the difference between the volume of reserves and expenses. It is assumed that reserves and expenses will be provided from sources such as own working capital, long and short-term loans and debts, the part of creditors' debts and suppliers' debts. The following indicators are used to explain the sources of reserves and expenses: 1. Availability of working capital.





When determining this, long-term and short-term liabilities are subtracted from own working capital and it is expressed by the following formula: $O'zAM = O'ZAM - UMM - QMM$ (1) where: $O'ZAM$ - available own working capital; UMM - long-term liabilities; QMM - short-term liabilities. 2. Availability of sources of working capital and long-term liabilities. When calculating it, long-term liabilities are added to own working capital and it is expressed by the following formula: $OuzU = OuzAM + UMM$ (2) where: $OuzU$ is own working capital and long-term liabilities; UMM - long-term liabilities. 3. The general indicator is determined by adding own working capital and long-term liabilities to short-term liabilities and can be expressed by the following formula: $UK = O'UzU + QMM$ (3) where: UK is the general indicator of the main sources of reserve and expenditure formation; OZU - own working capital and long-term liabilities; QMM - short-term liabilities.

The indicators of the availability of the sources of formation of reserves listed above can be expressed by three indicators of supply with the reserves that form them. They are as follows: 1. Excess (+) or deficiency (-) of Fz working capital ($Sho'zam$): $Sho'zam = O'zAM - Z$ (4) 2. Excess (+) of Fz working capital and sources of long-term liabilities or shortage (-) ($Shou$): $Sho'zu = O'uzU - Z$ (5) 3. General surplus (+) or shortage (-) indicator of the main sources of reserve and expenditure formation ($Shuk$): $Shuk = UK - Z$ (6) With the help of these indicators, the three-component form of the financial stability of the enterprise is determined. (7) In our opinion, there are four forms of financial stability to analyze the financial condition of enterprises. Including: First - absolute financial stability ($S = \{1, 1, 1\}$). This form of financial stability explains that all the company's reserves are covered by its working capital, that is, the company is not able to pay external creditors, and there are no reasons for its origin, internal and external financial 1, if $Sh > 0$ 0, if $Sh < 0$ $S(Sh) =$ cannot be subject to failure of control. Such a situation is very rare. In addition, the management of the enterprise does not know, does not want or will not have the opportunity to use external funds for the main activity.

Analysis and Results

Assessment of financial stability based on absolute and relative indicators, we assess the level of financial stability of "Kvarts" JSC and "Bekobodtsement" JSC, which are part of the building materials industry. In particular, during the analyzed period (2010-2017) JSC "Kvarts" and "Bekobodtsement" JSC had a tendency of stable growth of equity and debt (Table 3). In particular, in 2017, JSC "Kvarts" own funds increased by almost 5 times compared to 2010, while debt funds increased by 7.8 times, and this is explained by the large amount of funds involved in the technical and technological



modernization of the enterprise during the analyzed years. Despite this, today's company's level of equity remains high and externalizes 86.0 percent. At the same time, in 2017, Bekobodcement OJSC's own funds increased by almost 2 times compared to 2010, and debt funds increased by 13.7%. For example, if in 2010 the level of self-financing of the enterprise was 58.6 percent, by 2017, this indicator is 71.0 percent.

Fz is the working capital ratio. In the analyzed years, this indicator was in the range of 0.84-0.94 in JSC "Quartz" and 0.52-17.53 in JSC "Bekobodcement" and was higher than the standard value (Table 6). Turnover ratio of receivables. Calculations show that during the analyzed years, the turnover ratio of receivables was at different levels in "Kvarts" JSC and "Bekobodsement" JSC (Table 6). The high level of the coefficient of receivables is associated with the effective organization of work on timely collection and collection of payments for the products sold by the enterprise, and its low level, the low level of turnover of receivables in enterprises is associated with two factors, firstly, the increase in the number of customers with low solvency of the enterprise and the sale of products other problems can be explained by the fact that, secondly, they are implementing a policy aimed at facilitating relations with customers in order to expand their share in the market. The turnover ratio of accounts payable represents the speed of timely payments of debts by the enterprise. Calculations show that the turnover ratio of payables in the analyzed enterprises increased in 2017 compared to 2010, but the fluctuation has an unstable trend (Table 6).

This shows that enterprises are paying their creditors on time. However, in "Bekobodcement" OJSC, this indicator is significantly lower than in "Kvarts" OJSC. Balance profit margin ratio. During the analyzed period, this coefficient had a steady growth trend for "Quartz" JSC (Table 6). From this, it can be concluded that the management of production costs is well established in this enterprise, and this ultimately ensures the economic and financial stability of the enterprise. The analysis shows that in 2015, this indicator was at the lowest level at Bekobodcement OJSC. This can be explained by a sharp decrease in the volume of product sales and problems in managing production costs in the enterprise. Net profit rate ratio. This coefficient has been steadily growing since 2012 at Kvarts JSC. During the analyzed years, a negative trend is observed in Bekobodcement OJSC, even in 2011 it was -0.50. In particular, it has a steady downward trend since 2013 (Table 6). Therefore, based on the company's activity, the decrease of this indicator does not have a negative significance at the time when the balance sheet profit is high. However, for the owners, this indicator is considered negative.





In such conditions, if the management of the enterprise does not implement a promising strategy for the near future, it will cause dissatisfaction on the part of its owners. The reason is that it is the most important indicator from the point of view of the interests of the owners. Conclusions and suggestions Based on the analysis, it is advisable to implement the following measures to ensure the financial stability of enterprises: First, it is advisable for enterprises to develop a mechanism for purchasing securities with part of their funds in order to increase the current level of liquidity. This makes it possible to pay obligations in the form of cash to other enterprises and economic entities in terms of quick sale of securities and their conversion into cash. Secondly, the level of investment and self-recovery of enterprises is unstable, and in order to stabilize it, it is necessary to further improve the future investment policy of the enterprise. Thirdly, it is necessary to increase the possibility of financing it for extended reproduction in enterprises today, that is, to expand production at the expense of profits, to modernize and re-equip the enterprise. Fourthly, in order to meet the needs of own funds, it is appropriate for the enterprise to use appropriate sources and external long-term and short-term funds. This requires the development of a mechanism for timely repayment of received loans. Fifth, the turnover ratio of enterprise reserves is high in the analyzed enterprises, and today enterprises manage their assets effectively. However, the risk of stock-out increases here. From this point of view, it is appropriate to implement asset management in harmony with reserves. Sixth, it is desirable for enterprises to implement an efficient system of converting working capital into cash so that enterprises can get rid of their liabilities. Also, it is desirable for enterprises to develop and implement a mechanism for pre-recovery of sales and receivables, turning reserves and expenses into finished products. The results of these activities will be as follows: - the share of own funds in the value of property and the volume of sources of own working capital will increase; - the share of cash increases, the circulation of working capital accelerates, and the provision of own working capital increases; - the volume of reserves and expenses decreases, the profitability of sales increases; - the amount of funds received from debtors will increase and the level of solvency of the enterprise will improve.

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