

IMPROVING FINANCIAL ANALYSIS IN THE CONTEXT OF ECONOMIC LIBERALIZATION

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Annotation: The article deals with topical issues of financial analysis in the context of economic liberalization.

Key words: financial analysis, financial ratios, information base, characteristics of the financial condition.

The financial activity of an enterprise is a complex process and is expressed by a system of indicators. Analysis of the financial activity of the enterprise means the study of the availability of financial resources, their condition, placement and degree of use. The first stage of the analysis of the financial activity of the enterprise is a general assessment of the financial situation. At this stage, volumes, general performance indicators of the enterprise, long-term and current assets, as well as liabilities are analyzed. For this, the following indicators are used:

1. General absolute performance indicators of the enterprise.
2. General relative performance of the enterprise.
3. Dynamic and structural indicators of funds (assets) of the enterprise.
4. Dynamic and structural indicators of the obligations of the enterprise.
5. Dynamic and structural indicators of inventories and costs of the enterprise.

Financial reporting data is the basis for financial analysis. The analysis can be carried out in the following directions:

- analysis of absolute indicators, i.e. indicators of the amount of funds of enterprises and their sources;
- horizontal analysis - analysis of absolute and relative changes in articles reflected in the company's reports for a certain period;
- vertical analysis - analysis of structural changes in the means of the enterprise;
- trend analysis - analysis of trends in individual indicators that reflect the financial position of the enterprise;
- analysis of financial ratios, indicators of liquidity, profitability, business activity, market activity and capital structure of the enterprise are used as financial ratios.

The liberalization of economic relations is accompanied by an increase in the importance of the financial stability of economic entities. This is an indispensable condition for the effective use of capital in the process of functioning of enterprises. At the same time, the refinancing of profits should become the most important source of their development. This is the reason for the need to revise the content of the financial analysis of economic entities in the context of economic liberalization.

It should be emphasized that fundamentally important issues remain unchanged, such as the definition of the subject of financial analysis; interconnections and interpenetration of the general system of economic sciences; taking into account the requirements of various user groups when drawing up a program for conducting financial analysis, analyzing individual financial ratios and systematizing them in the form of specific methods.

The problem of developing and improving financial analysis in the context of economic liberalization can be posed in a broad and narrow sense. In a narrow sense, this is the development of an analysis methodology based on the existing information base. However, with this approach, the lack of clearly defined principles and conceptual approaches to a theoretical understanding of the key characteristics of the financial condition may have negative consequences for the successful functioning of an economic entity.

As you know, financial analysis, understood in a broad sense, should be carried out on the basis of a study of the deep essence of accounting and financial categories and concepts, in the first place, such as capital, assets, liabilities, income, expenses, financial result, cash flows. The significance of this

approach lies in the fact that their qualitative interpretation and quantitative assessment, and, consequently, the results of the analysis, depend on the content that is embedded in the concepts under study. At the same time, a somewhat simplified approach to the application of financial analysis - the development of individual practical methods of analysis - is presented to a certain extent in modern educational and analytical literature.

The second broad direction - the theory of financial analysis, covering the fundamentals of studying and evaluating the current and future financial condition of an economic entity from the standpoint of its financial stability and the efficiency of the functioning of the capital invested in it remains rarely used at the enterprise level and is presented to a greater extent in scientific research.

The reliability of the conclusions of financial analysis directly depends on the completeness and quality of the information used. It should be noted that at present, in economic practice, a simplified approach to the implementation of financial analysis has developed, orienting it to the use of exclusively accounting (financial) statements or, in a somewhat broader sense, to management accounting data. This interpretation of the information base narrows the possibilities of financial analysis and, most importantly, its effectiveness, since it leaves out of consideration factors that are fundamentally important for an objective assessment of the financial condition, related to the sectoral affiliation of an economic entity, the state of the external environment, including, first of all, the market of material and financial resources. resources, stock market trends, as well as a number of other significant factors, for example, the financial strategy of the owners and management personnel, ignoring which leads to an erroneous assessment of the financial stability of an economic entity.

Therefore, there is a need to justify the volume and composition of relevant information necessary for effective financial analysis, pursuing the goals set by various users.

This problem is of particular importance at the present time, since after the adoption in 1996 of the Law of the Republic of Uzbekistan "On Accounting" and its new edition in 2016, international financial reporting standards are being consistently introduced into economic practice. There is a change in the target orientation of financial statements, its focus on meeting the information needs of various user groups that analyze the financial condition of economic entities and its financial stability. In this regard, a methodological problem arises in substantiating the volume, composition and qualitative characteristics of the information disclosed in the text part of the accounting report: an explanatory note and the Report of the executive body.

One of the key characteristics of financial stability is the ability of an economic entity to maintain and increase its capital. In this regard, the problem of identifying equity capital arises, which remains unresolved to date. Different approaches to understanding equity and analytical interpretation of its changes lead to an ambiguous assessment of the financial condition and its prospects, which entails significant difficulties and subjectivity in the implementation of financial analysis in practice. In this regard, it would be advisable to legislate the necessary explanations for the report on the movement of equity capital.

In a market economy, sustainable development and high profitability of an enterprise are reflected in its financial performance. In this regard, these indicators determine the attractiveness of the company for investors. It is believed that the better the financial performance, the lower the risk of investing financial resources in the enterprise.

Financial indicators are relative indicators reflecting the financial position of the enterprise. Hence, they are compared to the past or to a similar business. At the same time, there are indicators that are expressed in absolute terms, but they are not always comparable across different enterprises.

Analysis of financial indicators helps to choose the most financially reliable and most effective option. Financial indicators can be divided into the following groups:

1. Liquidity indicators.
2. Indicators of asset management.
3. Indicators of profitability.
4. Indicators of debt management.

One of the most important criteria for the financial stability of an enterprise is the assessment of its liquidity. The liquidity of an enterprise reflects its ability to make payments on its short-term debt. The most liquid type of assets are cash. Money can be used to pay off debts and to buy material resources. Liquid

assets are assets that can be quickly converted into cash without losing their value.

The financial stability of the enterprise is manifested in the constant solvency, which implies the repayment of all obligations of the economic entity on time. A theoretical and practical study of the conditions that determine the insolvency of many economic entities of the Republic of Uzbekistan, in the first place, such as a slowdown in asset turnover and a decrease in their liquidity, shows that they are all related to the characteristics of the operating cycle and the ratio of its duration to the period of repayment of obligations to creditors. Based on this, we can conclude that the methodological approach to the study of factors and conditions for maintaining solvency is the analysis of the operating cycle of a particular business entity and its comparison with the maturity of borrowed funds.

The financial stability of economic entities also largely depends on the ability of the economic entity to make a profit in the required amount. The methodology for analyzing financial results is currently undergoing significant changes associated with a gradual departure from the narrow interpretation of profit as the difference between accounting income and expenses, and approaching its broader understanding as an increase in equity capital. The foregoing is fully consistent with the concept of capital maintenance, according to which a profit can be recognized only if there has been a real increase in equity. This fundamental approach has not yet been reflected in the analysis of financial results, which makes it necessary to theoretically and methodically study this issue.

A significant drawback of the existing methods of financial analysis is their predominantly retrospective nature. Considering the target orientation of financial analysis to substantiate management decisions, the consequences of which will manifest themselves in the near or distant future, it can be argued that the most important task of financial analysis in modern conditions is a prospective assessment of the financial condition of an enterprise and its financial stability in the future from the standpoint of their “correspondence to the development goals of economic entities”. subjects in a changing external and internal environment. In this regard, there is a growing need to adapt the methodology of prospective financial analysis.

To adapt the methodology of financial analysis to the conditions of a developing economy, it is necessary to solve the following important tasks:

- reveal the essence, target orientation, subject and content, range of main tasks and priorities in choosing key areas of financial analysis, depending on the time aspect of its implementation, as well as its place in the system of other types of analysis and economic sciences;
- propose and justify the definition of the basic concepts of financial analysis that characterize the financial condition, financial stability, solvency and liquidity;
- to characterize the features of the method of financial analysis, arising from the requirements of its target orientation; reveal the influence of the basic concepts of the theory of finance on the methodology of modern financial analysis and identify the main factors that determine its development;
- substantiate fundamental approaches to the formation of information support for financial analysis, develop a classification of the main types of relevant information; formulate the main functions of the explanatory information of accounting (financial) statements, taking into account the provision of information needs of financial analysis; assess the impact of the accounting reform process in Uzbekistan in accordance with international financial reporting standards on the information base of financial analysis; make proposals on the disclosure of financial statements for analysis purposes;
- determination of the impact of the rate of capital turnover on the cash flows of an economic entity from the standpoint of its current solvency; propose a methodology for analyzing cash flows in relation to the Uzbek information base;
- clarify the conceptual apparatus in terms of financial performance;
- explore trends in the interpretation of income, expenses and financial results in domestic and foreign literature and reveal their consequences for the methodology of financial analysis; reveal the meaning of the concept of capital maintenance for the analysis of financial results;
- to systematize private and generalizing indicators for evaluating profitability, on the basis of which to propose a system of indicators of the effectiveness of an economic entity;
- conduct a critical study of existing methods and propose a methodology for analyzing financial stability based on the use of a system of indicators that reflect the ability of an enterprise to function stably, while ensuring satisfaction of creditors' requirements and investment expectations of owners.

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