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ANALYSIS OF ENTERPRISE FINANCIAL INDICATORS IN FINANCIAL MANAGEMENT

Khilola Sattarova¹, Sanobar Ismoilova², Dilshod Orinov³

¹ISMA University Fergana Branch

²Fergana State Technical University, senior lecturer.

³Fergana State University, senior lecturer.

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Abstract

The article analyzes the financial performance of the enterprise using a percentage-based analytical method.

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Economic analysis is based on comparing reported and planned data to identify deviations, analyze them, and organize corrective management measures to eliminate negative deviations. In addition, economic analysis allows you to understand the main trends and patterns and identify the internal reserves of the enterprise. This method can be used in management if the enterprise has management accounting, which, unlike accounting (tax) accounting, allows you to obtain up-to-date information. Economic analysis involves the processing of large amounts of primary data, so companies use modern software packages designed to comprehensively assess the financial condition of the enterprise.

The normative approach to financial planning is considered in two aspects: external and internal. The external environment sets certain norms and standards for business entities. Thus, there are standards approved by law (tax rates, depreciation rates, reserve fund allocation rates, etc.); In addition, the company must comply with certain industry standards (compliance with industry standards is especially important if the company's solvency and creditworthiness are assessed, for example, by a bank). Enterprises also develop internal procedures. To ensure the uninterrupted production and sale of products, standards and norms are calculated for raw materials and supplies, work in progress and finished products. Determining the need for working capital using the standard method, on the one hand, allows you to avoid

downtime in production, and on the other hand, helps to maintain a minimum balance in warehouses, which frees up part of the financial resources of the enterprise. Part of the enterprise's expenses is also standardized, and the net profit received at the end of the reporting year is distributed among consumer funds, savings and reserve funds in accordance with accepted norms.

The balance method is based on determining the balance between the needs of the enterprise and the available and attracted financial resources. The enterprise draws up a balance sheet, which, on the one hand, indicates the main directions and volumes of resource use, and on the other hand, the volumes and sources of obtaining the necessary resources. The balance method is used in business planning to draw up a pro forma balance sheet, in addition, the basics of the balance method are used to draw up a plan of receipts and payments, a plan of income and expenses, a payment calendar.

In order to plan the company's activities for the next year, it is necessary to determine the values of target indicators, primarily sales revenue, and the conditions for ensuring achievable sales growth rates.

In practice, various methods are used to justify the planned target indicators of the company's activities. Analytical methods and models based on percentages have become widely used. The essence of these models is that all major cost items, assets and liabilities can be expressed as a percentage of projected sales. In addition, in simple models, a linear (proportional) relationship is usually assumed. In complex models, each asset and liability item can have its own calculation algorithm. An important feature of such methods is the use of a compensatory variable, which is called a valve in economics. This is a sought-after source of additional external financing, without which it is impossible to ensure the company's future development indicators. For example, using the interest-based analytical method, a company can develop a sales forecast, balance sheet, income statement, and the need for additional financing. These forecast forms are the main components of any financial plan, they are used to determine key indicators and create a company's financial statements; In this regard, there is a balance sheet method of planning development indicators to assess the company's capabilities and advantages, let's consider some of its aspects.

The opening balance sheet of the enterprise. Suppose there is a commercial organization selling soft drinks. The company's balance sheet in its initial form is presented in Table 1.

Table 1

Company balance sheet, thousand soums

Asset	Amount	Passive	Amount
Non-current assets	6000	Retained earnings	4000
Inventories	2000	Ordinary shares	1000
receivables	1000	Long-term debts	3000
Cash	300	Short-term debts	0
Other current assets	200	Accounts payable	1500
Total assets	9500	Total liabilities	9500

What can be said about this balance sheet? First, it is clear that the company is not working from scratch. At the moment, it has earned 4 million soums (retained earnings). In addition, current assets characterized by a long-term payment period (6 million soums) are covered by:

- equity (retained earnings + shares) – 5 million soums;
- long-term loans – 1 million soums. The inventory is financed by the remaining unused long-term loan (2 million soums). This means that the company cannot repay the money quickly if it takes out a short-term loan without worsening its financial situation. Coverage of the remaining amount of long-term assets (accounts receivable, cash and other current assets) in the amount of 1.5 million soums is ensured by maintaining short-term debt at the same level. This debt may include debts to the budget, suppliers and other creditors.

Suppose that this company plans to increase sales of its products by 50% next year. In addition, the company's sales capacity was used 100% this year. It is assumed that expenses, assets, and automatically changing balance sheet liabilities are proportionally related to changes in sales. In addition, the company's adopted dividend policy provides for the payment of annual dividends to shareholders in the amount of 50% of the nominal value of the share. The results of the company's current activities are presented in Table 2.

Table 2

Income Statement, thousand soums

№	Indicators	Amount	As a percentage of revenue%
1	Revenue R	60 000	100,00
2	Cost of goods sold, CGS	48 000	80,00
3	Gross profit, GP	12 000	20,00
4	Sells and administrative expenses, SAE	9000	15,00
5	Profit from sales (operating profit), OP	3000	5,00
6	Interest on the loan, I	600	1,00
7	Profit before taxes	2400	4,00
8	Profit tax (20 %), T	480	0,80
9	Net profit, NP	1920	3,2
10	Paid Dividends	500	0,83
11	Retained earnings	1420	2,36
12	Total costs	57600	96,00
13	Cost-effectiveness of implemented costs, CE%	2,46	—

As can be seen from the data in Table 2, the share of cost in sales revenue is 80%. This means that the level of added value to goods is quite high (on average 25%). Indeed, the average mark-up coefficient to the purchase price of goods is:

$$\text{Margin} = 60 \text{ million soums.} / 48 \text{ million soums.} = 1.25.$$

Operating expenses (selling and administrative expenses) are 15% of revenue. In planning for the next year, it is assumed that the share of expenses in revenue will remain at the same level (80%). At the same time, due to the strict savings regime, operating expenses should not exceed the same 15% of revenue.

Let the nominal value of one share of the company's shares be 20 soums. This means that the number of shares in circulation is: 1,000,000 soums. / 20 soums. = 50,000 units.

At the same time, at the end of the year, dividends of 10 soums per share are paid. (20 soums x 50%).

Based on the full set of shares, this will be: 10 soums. x 50,000 shares. = 500,000 soums.

Thus, after paying income tax and dividends, a little more than half of the initial amount of profit remains – approximately 56% (1,354 thousand soums / 2,400 thousand soums x 100%). This leads to a relatively low level of profitability of the company's activities in relation to the costs incurred (2.35%).

Another important indicator of balance sheet assessment is the factor (level) of business activity of the company. Inventory is characterized by the number of requests per year. Using the indicators in 1-2 and the table, we determine the value of this factor:

$$K = CGS / Inventory = 48 \text{ million soums.} / 2 \text{ million soums.} = 24.$$

As we can see, the turnover period (the time it takes to convert inventory into revenue) is about two weeks: 365 days. / 24 = 15.2 days.

We can say that this is not bad for assessing the business performance of the company.

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