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ANALYSIS OF FINANCIAL STABILITY OF AN ENTERPRISE AND ITS IMPROVEMENT: DIRECTIONS OF FINANCIAL ACTIVITY ANALYSIS IN INDUSTRIAL ENTERPRISES

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ANNOTATION: This article presents a series of thoughts and considerations regarding the organization of industrial enterprises' activities and the analysis of their financial activities. It also includes research results on the importance of market relations in the analysis of enterprise economic activities. Examples are provided to demonstrate the advantages of using financial statements as an information base for analyzing the financial situation.

Key words: Economy, human society, financial activity analysis, labor resources, market relations, profit, profitability, economic sectors, industrial enterprises, financial statements.

INTRODUCTION.

The analysis of an enterprise's financial stability and its improvement is one of the key economic issues. This process involves analyzing the financial condition of the enterprise, identifying shortcomings, and finding ways to enhance stability. Below is a detailed explanation of the methods for analyzing and improving the financial stability of an enterprise.

Analysis of Financial Stability

1.1. Analysis of Financial Indicators

In order to analyze financial stability, the financial indicators of the enterprise should be thoroughly examined. These indicators include:

❖ Liquidity Ratio:

This indicator assesses the company's ability to timely fulfill its short-term obligations. It involves the ratio of current assets to current liabilities.

❖ Financial Leverage:

This indicator evaluates the financial structure of the enterprise through the ratio of debt to equity. It shows what portion of the balance sheet is financed by debt.

❖ Profitability Indicators:

These indicators analyze the company's ability to generate profit, including measures such as net profit, balance sheet profit, and overall profitability coefficient.

1.2. Cash Flow Analysis

Analyzing cash flows shows how the enterprise manages its cash resources. It is necessary to analyze cash flows arising from operating, investing, and financing activities. The stability of cash flows and their optimization are of significant importance.

1.3. Methods of Financial Analysis

Financial analysis is conducted using various methods:

- Trend Analysis:

This method analyzes how the indicators have changed over time.

- Ratio Analysis:

This method involves calculating the ratios of financial indicators to one another and studying their impact on financial stability.

- Benchmark Analysis:

This method compares the enterprise's performance with other companies operating in the same sector.

Improving Financial Stability

2.1. Financial Development Strategies

Strategic approaches are necessary to improve the financial stability of an enterprise. These include:

- Reducing Debt:

By reducing debt, the enterprise can decrease financial pressure.

- Increasing Liquidity:

Improving liquidity is essential to increase the ability to make timely payments

- Increasing Revenue:

Revenue can be increased through expanding production, optimizing pricing policies, or entering new markets.

2.2. Cost Optimization

Efficient cost management significantly contributes to improving financial stability. To implement this process:

- Analyzing and Controlling Costs:

It is necessary to reduce unnecessary costs and improve the efficiency of expenses.

- Optimizing the Supply Chain:

Creating an effective supply chain and logistics system helps reduce costs.

2.3. Financial Risk Management

Managing financial risks is crucial for maintaining the enterprise's stability. For this:

- Identifying and Assessing Risks:

It is essential to identify financial risks and analyze their impact.

- Risk Mitigation Strategies:

To minimize risks, methods such as insurance, diversification, and other measures should be applied.

The economic analysis of business activities is also the result of societal development. Proper management of enterprises, improving their financial condition, and enhancing competitive strength require deeper examination of business activities. Uzbekistan's transition to a market economy with independence provided full freedom for enterprises of various ownership types. Along with new business practices, including selecting experienced clients and partners from both domestic and foreign markets, studying their financial capabilities has become an urgent issue.

The formation and development of market relations, the establishment of a multi-sector market economy, and the development of various forms of business and entrepreneurship lead to the fact that the financial results of enterprises' activities—profit and profitability—become the main indicators of their performance. In the context of our country transitioning gradually to a market economy, the continuous operation and stable development of economic sectors are crucial. At the initial stage of transitioning to a market economy, the key priority methods for economic reforms have been determined. Reflecting on these issues, in his address to the Oliy Majlis on December 29, 2020, President of the Republic of Uzbekistan Shavkat Mirziyoyev critically evaluated this issue and stated: "The first and foremost task in creating a New Uzbekistan is consistent economic growth, implementing deep structural changes, modernizing production, and introducing digital technologies, which form the basis for achieving macroeconomic and financial stability." [1. 3-b]. From this perspective, in ensuring the stable operation of enterprises, all elements of the production process, including accounting, auditing, and economic analysis, must function effectively.

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DISCUSSION AND CONCLUSIONS.

The main objects of management for which financial condition analysis is applied include the following: loans, granting and receiving loans; joint projects and contract execution; financial stability and solvency; shares; production; management of receivables and payables. Assessing financial results, planning for various periods, implementing bankruptcy procedures, and so on, are all very important .

Certain indicators play a significant role as descriptors of the financial condition of industrial enterprises.

I. Asset Valuation Indicators:

➢ Share of fixed assets in total assets, %: This describes the level of capitalization of fixed assets. The value of fixed assets and total remainder.

➢ Depreciation rate of fixed assets, %: This describes the condition of fixed assets. Accumulated depreciation / initial value of fixed assets.

II. Assessment of Financial Condition:

➢ Amount of own current assets, in thousand sums: This describes net current funds. Current assets - current liabilities.

➢ Share of own current assets in total current assets, %: This describes the presence of current assets within the total assets of the enterprise. Own current assets / current assets.

➢ Current liquidity ratio: This shows whether the organization's current assets are sufficient to cover short-term liabilities.

III. Profitability Assessment:

➢ Profit (loss) from sales, in thousand sums: Gross profit from sales excluding management and sales expenses.

➢ Net profit, in thousand sums: The profit of the enterprise remaining after mandatory payments to the budget have been made. Net profit.

➢ Sales Profitability, %: This shows the share of profit earned for each sum of income. Profit from sales / revenue from sales.

➢ Profitability of production costs of sold products, %: This shows how much profit the enterprise has earned for each sum spent on the production and sale of goods.

IV. Assessment of Efficiency in Utilizing Economic Potential

Return on Assets, %: This describes the return from the use of all the organization's assets. Net profit / average assets.

Return on Equity, %: This describes the profitability of the business for its owners. Net profit / average equity.

By analyzing the calculated indicators, an overall picture of the financial condition of the enterprise can be obtained. Thus, by examining the key indicators reflecting the financial condition of industrial enterprises, the following "pain points" of the enterprise can be identified:

- A decrease in the economic assets and fixed assets of the organization;
- A reduction in the amount of own current assets;
- A decrease in the size of fixed assets and preventing their moral depreciation by using them more intensively;
- Preventing the inability to cover current liabilities with sufficient current assets;
- Raising the current liquidity ratio;
- Increasing the rate of growth in income.

CONCLUSION.

In conclusion, it can be said that analyzing and improving the financial stability of an enterprise is crucial for achieving its long-term success. To effectively implement this process, financial indicator analysis, cost optimization, and risk management strategies must be applied. These approaches help increase the financial stability of the enterprise and adapt to changes in market conditions.To address such issues in enterprises and improve financial indicators, it is advisable to implement the following measures:Cost reduction (maximizing the optimization of costs). These measures should help stop the decline in profit. Creating an effective cost control system is a very effective way to reduce costs.Accurate cost accounting can help reduce costs. Increasing operational efficiency by changing inventory concentration based on their role in the production process, and reducing the amount of inventory. It is advisable to apply Japan's "Just in Time" method.

Additionally, it is essential to focus on improving the speed and quality of document circulation, centralized storage, and product release, as well as paying special attention to purchasing orders.

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