

## THE VALUE OF ANALYZES IN DETERMINING THE FINANCIAL CONDITION OF INDUSTRIAL ENTERPRISES

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**Abstract:** This article shows that the management of the financial activities of industrial enterprises should be carried out on the basis of in-depth analysis. In this regard, the priority and role of financial analysis increases significantly, that is, to assess the level of financial risk and predict the level of return on capital, a comprehensive systematic study of the financial condition of the enterprise and its factors of formation is required.

**Keywords:** factors, financial situation, financial resources, credit, analysis

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Managing the financial activities of industrial enterprises inevitably requires an in-depth analysis that allows a more accurate assessment of the uncertainty of the situation using modern quantitative research methods. In this regard, the priority and role of financial analysis increases significantly, that is, a comprehensive systematic study of the financial condition of an enterprise and the factors of its formation in order to assess the level of financial risk and predict the level of return on capital.

The financial condition of the enterprise is characterized by a system of indicators that reflect the ability of an economic entity to finance its activities and pay all its obligations in a timely manner.

In the process of logistics, production, marketing and financial activities of the enterprise, there is a continuous circulation of capital, the composition of funds and sources of their formation, the availability and need for financial resources change, and, finally, the appearance of its solvency - the financial condition of the enterprise is manifested. Lenders avoid lending to insolvent businesses, often such applications are simply rejected because lenders do not want to risk their funds.

The main goal of the company's financial activities is focused on one strategic task - to increase equity capital and ensure a stable position in the market. In order to have a clear idea, the financial activities of the enterprise must be carefully analyzed. Financial analysis is part of a general, complete analysis of economic activity. If it is based only on financial statements, external analysis is considered. and internal analysis can be complemented by other aspects, including the analysis

of the effectiveness of capital advance, the analysis of the relationship between costs, turnover and profit, etc.

The balance sheet serves as the main indicator for assessing the financial condition of the enterprise. A preliminary assessment of the financial position can be made on the basis of identifying "sick" balance sheet items, which can be divided into two groups:

1. Evidence of the extremely unsatisfactory performance of the enterprise for the reporting period and, as a result, its unsatisfactory financial condition: "Unreimbursed losses of past years" and "Losses of the reporting period";

2. Information about some shortcomings in the work of the enterprise: "Accounts receivable", "Other current assets", "Creditors".

Then an assessment of the change in the balance sheet currency is made. The growth of the balance indicates the growth of the production capabilities of the enterprise and deserves a positive assessment. The decrease in the balance is assessed negatively, since the economic activity of the enterprise is declining (the demand for products is decreasing, there are no raw materials, materials, semi-finished products for production).

Vertical analysis allows you to draw conclusions about the structure of the balance sheet and income statement in the current state, as well as analyze the dynamics of this structure. The vertical analysis technology lies in the fact that the total amount of the organization's assets (when analyzing the balance sheet) and income (when analyzing the income statement) is taken as 100%, and each item of the accounting report is presented as a percentage.

Horizontal analysis consists in comparing the financial data of the organization for the last two periods (years) in relative and absolute form.

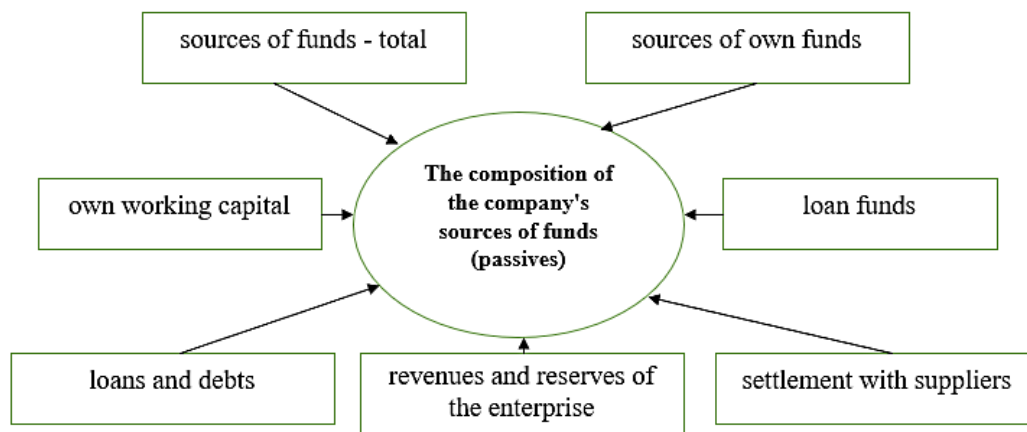
The purpose of horizontal analysis is to determine the absolute and relative changes in the value of various balance sheet items for a certain period, to evaluate these changes.

The purpose of vertical analysis is to calculate the share of individual balance sheet items and evaluate its change.

In the short term, the financial condition of the enterprise is assessed by liquidity indicators. In its most general form, this indicator characterizes the company's ability to make payments on short-term obligations on time and in full.

Certain conclusions can be drawn regarding capital investments and long-term investments in the production and financial policy of the enterprise. High growth rates of financial investments can significantly reduce the production capabilities of an enterprise.

The composition of the company's sources of funds (passive) includes the following indicators (Figure 1):



**Figure 1. The composition of the company's sources of funds (passive)**

Information about the composition of sources of economic funds is primarily used to assess the financial stability of the enterprise, its liquidity and solvency. The financial stability of an enterprise is characterized by the coefficients: property, borrowed funds, the ratio of borrowed and own funds, the mobility of own funds, the ratio of working capital to the amount of own funds and long-term liabilities.

Analysis of the dynamics of the company's losses and the development of measures to eliminate them will help to significantly improve the financial condition of the economic entity. In particularly difficult cases, it will be necessary to radically revise the production program, logistics, labor organization and wage fund, selection and placement of personnel, product quality management system, raw material markets and product sales, investment and pricing policies, etc.

**In conclusion, completing the above points**, we can say that the development of the financial policy of the enterprise based on the results of the analysis of the financial situation allows us to predict future problems, as well as maintain or increase financial stability and solvency.

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