DIAGNOSTICS OF THE FINANCIAL CONDITION OF THE ENTERPRISE – AS A FUNCTIONAL ELEMENT OF STRATEGIC FINANCIAL MANAGEMENT

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Abstract
In this research paper, we studied issues of diagnostics of the financial condition of the enterprise as a functional element of strategic financial management. Particularly, by the author were proposed stages of enterprise financial management at enterprises. In author’s, sufficient profit and profitability of the work gives the opportunity to constantly replenish the own capital and thus provide the necessary level of financial condition of the enterprise.

Key words: Financial management, Diagnostics of the financial condition, Funds, Strategic financial management and Profit.

1. Introduction
The financial condition of the company is characterized by a system of indicators reflecting the state of capital in the process of its turnover, and the ability to finance its activities at a fixed point in time. It can be stable, unstable and crisis-prone. Financial coefficients, being indicators of financial and economic activity of the enterprise and the degree of financial stability, numerically express the risk of unfavorable development of the financial situation. The results of the company's activity and its financial state are of interest to owners, managers, creditors, investors, the state, i.e. external and internal users of economic information. All this indicates the need for strategic and tactical management of the financial condition of the enterprise as to improve the efficiency of management, and with the aim of its financial recovery.

The performance of any business operation is reflected in the balance sheet structure, so its balance is not arbitrary. The influence of financial risks on the formation of balance sheet items is quite significant. However, if the balance sheet structure is unsatisfactory, it will be possible to make changes only in the next reporting period. Accordingly, at competent minimization of financial risks it is possible to change the state of balance sheet items and, consequently, change the financial state of the enterprise.

2. Literature Review

In others side, issues of usage of artificial intelligence methods in operational planning of textile production were researched by Yuldoshev...
et al. (2018), problems of efficiency of usage the production capacity of textile enterprises were investigated by Tursunov (2017), clusters in agroculture. All above mentioned literature examines diagnostics of the financial condition of the enterprise as a functional element of strategic financial management is not sufficiently developed.

3. Analysis and Results

However, today it is practically impossible to manage the financial condition of the majority of enterprises. This is explained by a number of reasons. First of all, the financial condition is fixed according to the actual data of the accounting statements, which were turned to the past (the so-called "posthumous" accounting is a statement of the accomplished facts). Secondly, in the majority of enterprises the functions of financial management, as a rule, are assigned to the chief accountant, who has besides the main job functions and has no practical ability to take prompt decisions to stabilize the financial condition of the enterprise due to the above reasons. According to the State Statistics Committee of the Republic of Uzbekistan, as of the end of 2015, the share of loss-making enterprises in certain industries reached 50 %, and it is obvious that in order to survive and maintain long-term competitiveness, enterprises must constantly adjust their activities taking into account external and internal factors. All of the above highlights the problem of further improvement of methodological approaches to the management of the financial condition of the enterprise (Industry of the Republic of Uzbekistan, 2018).

Management of any object should be presented as a certain phase system, the use of which in the process of managing the financial condition of the enterprise can be represented by several successive stages (Fig. 1).

The planning stage consists in the development and practical implementation of plans that determine the future state of the enterprise, ways, means and means of its achievement.

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![Figure - 1: Stages of Enterprise Financial Management](image-url)
At the stage of accounting, information on the state of the object of management is accumulated, which should be sufficient, timely, reliable and objective. At the control stage, the actual values of parameters are compared with the planned or standard values. Due to the absence of a system of planned indicators of financial and economic activity at a number of enterprises, the stage of control is a comparison of accounting data for the past and current (planned) periods.

Assessment of financial condition, i.e. representation (judgment) of specialists on the financial condition of the enterprise based on the data of the analysis, this stage includes a logical analysis of the reporting and its clarification according to the audit data by excluding illiquid assets and clarifying their assessment, as well as quantitative analysis based on the calculation of financial ratios.

To start the evaluation stage, it is necessary to determine the methodology that is most acceptable for the object of management. To date, there are a number of methods offered by various authors, such as R. Braille, Y. Brikhem, J. Horn, L.N. Gilyarovskaya, O. Efimova, V. Kovalev, M. Melnik, G. Savitskaya, R. Saifulin, A. Sheremet, M. Tulahodjaeva, A. Shoalimov, I. Abdukarimov, M. Pardaev, A. Burkhanov and others.

At present, along with the author's methods, the official methods of assessment of the financial condition, containing certain systems of indicators, are applied. However, in the course of analysis and assessment of the financial condition of the methodology, which assumes normative values of indicators, it is necessary to take into account the industry in which the company operates, as well as the specifics of its activities. Thus, the assessment is based on the analysis data, which in turn is carried out on the following stages:

- Diagnostics of the financial condition of the enterprise: static and dynamic indicators are calculated, interrelationships and interdependencies between indicators are established. The main components of the financial and economic analysis of the enterprise can be: analysis of financial statements, horizontal and vertical analysis, trend analysis and calculation of financial ratios (liquidity and financial stability, as well as profitability (efficiency of resource use) and business activity). Analysis of the financial condition of the company allows to diagnose the probability of bankruptcy, the possibility of obtaining or granting a loan, to identify and assess the effective directions of financial policy formation.

- Calculation of deviations is performed by comparing the actually achieved indicators of financial standing with the planned, normative and (or) basic ones.

- Identification of reasons, the impact of which led to the appearance of deviations of the actual parameters of the state of the object of management from the planned indicators and justification of the reasons for deviations by means of a chain:

  Financial performance → Factors → Reasons

This causal chain is referred to as the "fish skeleton" scheme (Zarubinskiy et al., 2004)

At the stage of developing a number of alternative solutions, a number of acceptable solutions are being developed to improve the situation in which the enterprise is located. Elimination of the identified causes is modeled in order to assess possible results (consequences). Thus, several alternative solutions are developed, or the optimal solution is determined, for which purpose the optimization criterion is introduced. In the process of financial condition management such criterion can be: profitability of own capital, financial result, financial stability, financial leverage effect, solvency, etc. Thus, when analyzing the chosen strategy of enterprise property financing it is necessary to have an idea of possible models in order to compare the actual state of the company with the following variants.

Let us consider the schemes and features of each model in Table 1.
Table - 1: Approaches to financing the enterprise’s property

<table>
<thead>
<tr>
<th>Strategy Title</th>
<th>Characteristics</th>
<th>Graphic depiction</th>
</tr>
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<tbody>
<tr>
<td>Moderate funding strategy</td>
<td>Formation of non-current assets at the expense of long-term liabilities; current assets are formed at the expense of short-term liabilities; SIC=0; accounts receivable is covered by accounts payable; specific weight in the structure of the balance sheet currency is not more than 15%</td>
<td>Active Passive</td>
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<td></td>
<td></td>
<td>NCA LTL</td>
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<td>CA STL</td>
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<tr>
<td>Risky financing strategy</td>
<td>Formation of a part of non-current assets at the expense of own capital, long-term credits and loans and partially at the expense of short-term credit; current assets are formed at the expense of the remaining amount of short-term credit (loan) and accounts payable; SOC &lt; 0; overdue accounts payable accumulates, increasing the risk, occurrence of penalties and accumulation of amounts on them</td>
<td>Active Passive</td>
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<tr>
<td>Ideal financing strategy (development strategy)</td>
<td>Long-term liabilities fully cover all non-current assets and more than half of current assets. A small part of current assets is covered by short-term liabilities; SOC&gt;0; the share of short-term liabilities is insignificant.</td>
<td>Active Passive</td>
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<td>NCA LTL</td>
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<td>CA SA VA</td>
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<td>Aggressive financing strategy (development strategy)</td>
<td>Non-current assets, the system part of current assets and half of the variable part of current assets are covered by long-term liabilities; own working capital is equal to the sum of the system part of current assets and half of their variable part.</td>
<td>Active Passive</td>
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<td>NCA LTL</td>
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<td>CA SA ST VA</td>
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<tr>
<td>Standard Funding Strategy</td>
<td>Non-current assets are less than long-term liabilities. Current assets are twice as large as short-term liabilities; SIC=0.1*TA</td>
<td>Active Passive</td>
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<td>Source: Compiled by the author.</td>
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<td>Notes to the table: NCA - non-current assets; CA - current assets; OC - own capital; LTC - long-term credits and loans; LTL - long-term liabilities (OC+LTL); STL - short-term liabilities; OCC - own current capital (CA-STL) or (SK-VA); SA - system part of current assets; VA - varying part of current assets.</td>
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</table>

The use of the first model of financing indicates the instability of the financial condition of the enterprise. Besides, from the point of view of solvency such a strategy is the most risky, because under unfavorable conditions (if creditors demand urgent payment of debts) the enterprise will be forced to sell a part of fixed assets to cover the current accounts payable, and this, in turn, will lead to a sharp decrease in the objects of production, and consequently to a decrease in the financial results of the sale of products (profit, profitability of work). In our opinion, the use of this financing model leads to low financial stability and a decrease in the solvency of the enterprise.

At formation of current assets in the enterprise using the second model, there is a deficit of sources of covering non-current assets, as a result there is a high probability of sharp decrease in profitability of the enterprise, its financial stability.

In our opinion, with the decline in the profitability of sources of replenishment of equity capital is becoming less and less, and in a more serious case there are losses and then the equity capital is not replenished at all, and therefore, there is an additional need to attract short-term liabilities. The banking system reacts immediately to such changes in the financial
condition of the company, then access to credit resources for the company becomes limited or impossible at all. Enterprises using such financing policy are on the verge of bankruptcy and are not solvent.

Thus, both of the above-mentioned models are undesirable for application, as they do not give an opportunity to form a normal financial condition of the enterprise, to work successfully and compete in the economic arena.

The ideal system of property financing has the following main characteristics: it is possible to cover all non-current assets, as well as to acquire from its own sources a significant part of current assets sufficient to ensure its production and financial activities. In our opinion, sufficient profit and profitability of the work gives the opportunity to constantly replenish the own capital and thus provide the necessary level of financial condition of the enterprise.

The following approach is the most rational and allows to provide industrial and financial needs of the enterprise and to accumulate capital for realization of real and portfolio investments, to introduce new progressive equipment and technologies and to provide the maintenance of social sphere at the expense of the saved up own sources.

And finally, using domestic methods and standards, which are developed in accordance with the legislation on bankruptcy of enterprises in the Republic of Uzbekistan, it is possible to build a model of placement of the capital of the enterprise and its assets, recommended for use at the enterprises of our country. Such a normative financing strategy is designed to ensure a minimum level of solvency and financial stability of the enterprise.

The main characteristics of the regulatory model of current assets management are as follows: the availability of own circulating capital ensuring the lowest possible level of financial stability for the enterprise to have a normal financial position, it is necessary to reach the minimum level of current assets security ratio equal to 0.5, i.e. working capital should be twice as large as short-term liabilities. In order to achieve a minimum level of security ratio equal to 0.5 at the current assets, it is necessary to increase the equity capital, which is achieved by increasing the profit and profitability of the work or attracting additional long-term credits and loans. Increase of short-term liabilities is possible only at the expense of attraction of short-term credits of banks or loans. The growth of short-term liabilities due to the growth of accounts payable testifies to the accumulation of debts to suppliers and contractors, the budget and non-budgetary funds and other creditors, which leads to penalties and further growth of debts. The use of this approach is characterized by a high level of financial stability and solvency of the enterprise.

4. References
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