



ASSESSMENT OF THE FINANCIAL CONDITION OF THE ENTERPRISE AS A LEVER OF FINANCIAL MANAGEMENT

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ABSTRACT: - This article mainly discusses the methods used in assessing the financial condition of the enterprise and their effectiveness. as well as you will be aware of marketing development methods and their analysis.

KEYWORDS: Taxes, price, nonprofessionalism, bankrupt, consumer, cross-potential, competitiveness, marketing.

INTRODUCTION

Nowadays when there is a strong impact of the external environment on operations of enterprises and with the economic, social and political changes affecting their activities both in a positive and negative way, enterprise performance analysis, effective action and decision-taking is necessary for an enterprise to avoid insolvency. Analysis of the external environment is carried out in the following areas:

Survey of the price dynamics for goods and services: Tax rates and rates of interest on bank loan and deposits, the rate of stock issued : Competition in the goods and

financial markets. Enterprise performance analysis plays an important role in enterprise management. The objective of analysis, on the one hand, is to determine the efficiency of performance of an enterprise for the reporting period and against set goals, and, on the other hand, to establish the potential areas for the activities of an enterprise for the current period and in the perspective by considering the necessary material, financial and labour resources. Therefore targeted analysis has to be carried out in order to find out such opportunities and reserves of an enterprise that would ensure optimal use of the existing resources. Analysis of enterprise

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performance is not solely one of the management functions, but also a way of thinking for which a certain database is required. Furthermore the quality of analysis depends on the overall enterprise level of financial accounting and the quality of reporting, and the extent to which the figures included therein are true and fair. The actual position of an enterprise in relation to the environment in which it operates is reflected in the portfolio analysis and the basic strategy the enterprise has chosen for its concept. Management objective is to create its organisational and operating structure by assuming that an unoccupied, competitive niche has been found in the market and to seek survival. The manager must have faith in success, preparedness to risk, operational capability, organisational capacity, understanding of the technologies, the market, marketing etc. Within the stage of growth the demand for the product increases, the industry consumers recognise the product; they turn more demanding and start asking for discounts. New market segments and new areas for application of product appear. Competition is not yet very high at the beginning of this stage, the rapidly growing demand and the market share obtained increases the sales revenue of an enterprise. Marketing research is important in order to make sure that the choice of a product is logical and substantiated and to search for the potential buyers. This is exactly the period when many firms go bankrupt. This is due to non professionalism of managers, inaccurate estimates and lack of working capital. If these problems are overcome and if the transition to the next stage is successful, usually the transformation of the inner management principles takes place from single management of a complex to its differentiation. This requires to devote more attention and at a more professional level to planning, forecasting, risk assessment

(not only intuitive, but also analytical), long-term financial solutions, increasing the value for the owner investment. Development slows down during the stage of maturity, the market is considerably saturated and competitiveness is determined by the lowest price. An enterprise must reduce prices, search for business partners to stay in the market. Consumers have become even more demanding and therefore the quality of service becomes of more importance as well as the amount of sales to consumers needs to be increased. There are strong market leaders who set market barriers for the newcomers. At the same time the weakest enterprises are leaving the market. Role of competitiveness and methods of measurement
Competitiveness is an economically effective force tended at reducing costs and improving quality in the struggle for attracting the potential and retaining the existing customers. Competitiveness is a conditional, dynamic concept which is directly dependent on specific circumstances formed in any particular market (market structure, accessibility, type of goods, sales conditions and terms of payment). In some cases it is fully sufficient to offer beneficial terms of payment in order to achieve large-scale distribution. In the general meaning competitiveness is the ability to surpass others in the attainment of the targets set in the course of strengthening one's position in internal and external market. Competitiveness is a comparative and relative measurement of the qualities of goods/services. If there were no competitors in the market to whose products the consumer could compare the goods/services of a specific enterprise there would be no point talking about the competitiveness of this enterprise. Competitiveness is an aggregate indicator combining the characteristics of both the business subject and the product made or the service

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provided. Successful competitiveness in the market is determined mainly by the potential of an enterprise. The enterprise potential is the real or possible ability to carry out targeted activities. The enterprise potential may be subdivided into four categories as follows: Basic potential provides the possibility to an enterprise to achieve its main trading objectives, produce economical value and gain profit. The basic potential is related to its competitive advantage. Retaining and growth of this potential gives stable market position. Hidden potential – assets without obvious advantages in one moment of time, while in the perspective they can be transformed into basic assets. Potential of the enterprise employees and the experience accumulated in a certain area of activity is considered as hidden potential. There is also the so-called cost ineffective potential. Ineffective potential means utilisation of resources without bringing any profit to the enterprise. Cross-potential is characterised by the assets at the disposal of an enterprise that ensure an effective use of the other types of potential, i.e., well-functioning sales or financial systems. Competitiveness of goods or services is one of the main components for successful functioning of an enterprise in the market. Competitiveness of goods/services would often be a combination of the price and the prime cost ensuring success of the particular goods/services in comparison with other suppliers or providers of homogenous goods or services. Methods of marketing analysis . The process of globalisation cannot be stopped; the necessity for globalisation is dictated by the need of survival. Based on this there is an increased competition in the world market, consolidation of competition, i.e., mergers of enterprises operating in the same industry, takes place. Under such competition conditions it is not sufficient to merely respond to the changes. Enterprises must actively impact the environment and with the

help of marketing tools attempt to change the specifications by themselves by creating new needs and respectively by offering the goods (services) that would meet those needs. In order to successfully resolve the problems and to operate in a strategically correct manner the industry in which an enterprise operates must be taken into account due to the fact that each industry can be characterised by its own specific features, with its own response to the changes in economic activities. It is always possible to analyse products and services as it is possible to compete both by improved quality products and lower prices and by a more effective customer service. Term 'analysis' is derived from the Greek language which translates as 'divide, split'. Any division allows for an insight into the inner parts of the object of study and to find out the meaning of each component. Analysis is in the wider meaning understood as the ability to cognise the subject and the phenomena of the external environment, based on the division of a single item into its component parts and their examination in its entirety. Enterprise management is the process of implementation of the management functions. It is related with performance of numerous business transactions altogether comprising the business operations of the enterprise. Business performance analysis is carried out before the adoption of important decisions; it is used to justify management decisions and actions, and serves as a scientific substantiation in enterprise management, as well as ensures the objectivity and effectiveness of the decisions taken. Managers cannot rely solely on their intuition. Management decisions and action must be substantiated with accurate estimates and comprehensive economic analysis.

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