
Theoretical fundamentals of financial health of the enterprise

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This article highlights the importance of financial well-being in enterprises, the importance of organizing it on the basis of legal documents, diagnosing the economic situation of insolvent enterprises, and improving the business environment in a competitive environment.

Introduction

In modern conditions, the activity of any business entity is the subject of attention of an extensive circle of participants in market relations interested in the results of its functioning. Based on the information available to them, they seek to assess the position of the enterprise in the market, its competitiveness and financial stability.

But those who would like and could invest free funds in the development of entrepreneurship must be sure of the reliability, financial well-being of enterprises, the development of which can really bring real benefits.

The issue of solvency of enterprises in modern economic conditions, however, and always, is especially relevant. Increasingly day-to-day competition between business entities requires enterprises to have increased responsibility and independence in the development and adoption of management decisions, taking into account the views of all interested groups. The indicated ability of the enterprise requires effective coordination of actions in various fields, attracting the most advanced management technologies, that is, the implementation of active entrepreneurship, which the President of our country Sh.M. Mirziyoyev described as: "such a direction in the economy, when business activity is organized on the basis of innovative, modern approaches, advanced technologies and management methods", noting that in our country "An outdated management system in the economy, inactive introduction of innovative ideas. Another obstacle to economic development is a lag in technological terms "[1].

Review of the literatures

Any company, even at the top of business success, must have an anti-crisis corrective program and a specific mechanism for its implementation. An external sign of the effectiveness of such a program is the financial recovery of the enterprise or maintaining "financial health" at a certain level that satisfies the owners of the company [2].

The financial position of the enterprise is a characteristic of its solvency, and therefore competitiveness and creditworthiness in the field of its production activities, that is, the efficiency of use of invested equity. Financial condition can be stable, unstable and on the verge of bankruptcy. The presence of the enterprise the ability to make payments in a timely manner, to finance its activities indicates its stable financial condition.

The financial condition of the enterprise depends on the results of its production, commercial and financial activities. If the production and financial plans are successfully implemented, then this positively affects the financial position of the company. And, on the contrary, as a result of underperformance in the production and sale of products, there is an increase in its cost, a

decrease in revenue and the amount of profit, and as a result, a deterioration in the financial condition of the enterprise and its solvency [3].

Financial recovery in our state (mainly called reorganization) is the procedure that appeared in the Law of the Republic of Uzbekistan "On Bankruptcy" [4]. The main purpose of this procedure is to improve the activities of the business entity by the owner, authorized body, creditor (s) or other persons by providing him with financial assistance. Moreover, the basis for this procedure is the real possibility of restoring the solvency of the business entity-debtor to continue its activities. To determine the possibility or expediency of reorganization, the economic court has the right to attract independent experts (auditors) with the assignment of expenses associated with their activities to the debtor [4].

In accordance with Section 13 of the Law, participants in the rehabilitation are required to hold a meeting at which they must work out an agreement. After 12 months from the beginning of the rehabilitation, at least 40 percent of the total amount of creditors' claims must be satisfied.

Findings and results

Reorganization participants are obliged to fulfill their obligations to creditors in full and are jointly and severally liable for their implementation. The duration of rehabilitation should not exceed 18 months. The economic court shall have the right, at the request of the participants in the reorganization, with the exception of cases of reorganization of state enterprises, to extend the period of its holding, but not more than by 6 months.

At present, a draft Cabinet of Ministers resolution "On measures to radically improve the system of financial recovery of enterprises", developed by the State Committee for the Promotion of Privatized Enterprises and the Development of Competition, is being discussed in our republic.

A discussion of this project takes place, since a single document has not yet been adopted covering all issues regarding the moment of information and monitoring the process of rehabilitation. Various legislative acts regulate only certain parts of the procedure. There is also no definition of a "road map", regulation of its content and procedures carried out on it.

In order to address these issues, we intend to approve the regulation on the procedure for providing information for analyzing the financial and economic state of enterprises, the regulation on analyzing the financial and economic state of enterprises, the regulation on the procedure for dividing enterprises into groups and developing and implementing road maps for financial recovery of enterprises and their monitoring [5].

From the document under discussion it follows that the objects of analysis in accordance with the Regulation on the procedure for providing information for analyzing the financial and economic status of enterprises will be enterprises with a state share in the authorized capital, unitary enterprises and business companies with a state share in the authorized capital, unprofitable, low-profit, economically insolvent and having a low level of capacity utilization, enterprises in the sphere of industry and construction, regardless of the economic condition of enterprises (s except micro).

To conduct an analysis of the financial and economic condition of enterprises, it was proposed to use solvency or coverage ratios, security with own circulating assets, profitability of expenses and assets [5].

This interpretation of the dependence of taxes and inflation is somewhat simplified, but, to a certain extent, it actually reflected and still reflects the development of the financial system. In fairness it should be noted that the size of budgets, taxes and budget deficits in relation to national income

before the first stage of transition to the market were relatively small [6].

Financial recovery of the enterprise requires the formation of special methods of enterprise management. In the conditions of the development of a market economy, various enterprises have developed methods of preliminary diagnostics acceptable for their own economic situation and possible protection of the enterprise from unstable development. The main objective of these methods is that negative changes in the financial condition of the enterprise must be determined in the early stages of their appearance. This allows you to take timely measures to solve the problems that have arisen and use protective measures or justify the need for consistent procedures for financial recovery of the enterprise. In the event that these measures do not allow the enterprise to get out of the crisis state and do not contribute to its financial recovery, it voluntarily or forcibly ceases its activities and begins liquidation procedures.

That is, the diagnostics of the enterprise and its environment can be characterized as a study of the external and internal environment in order to identify external threats, weaknesses of the enterprise and the threat factors of the crisis state, which may come from the organizational environment. The purpose of crisis management in this case is formulated as follows: the resumption of solvency and the restoration of a sufficient level of financial stability of the enterprise [2] (Fig. 1).

Figure 1 The purpose and tasks of diagnosing the economic condition of an insolvent enterprise

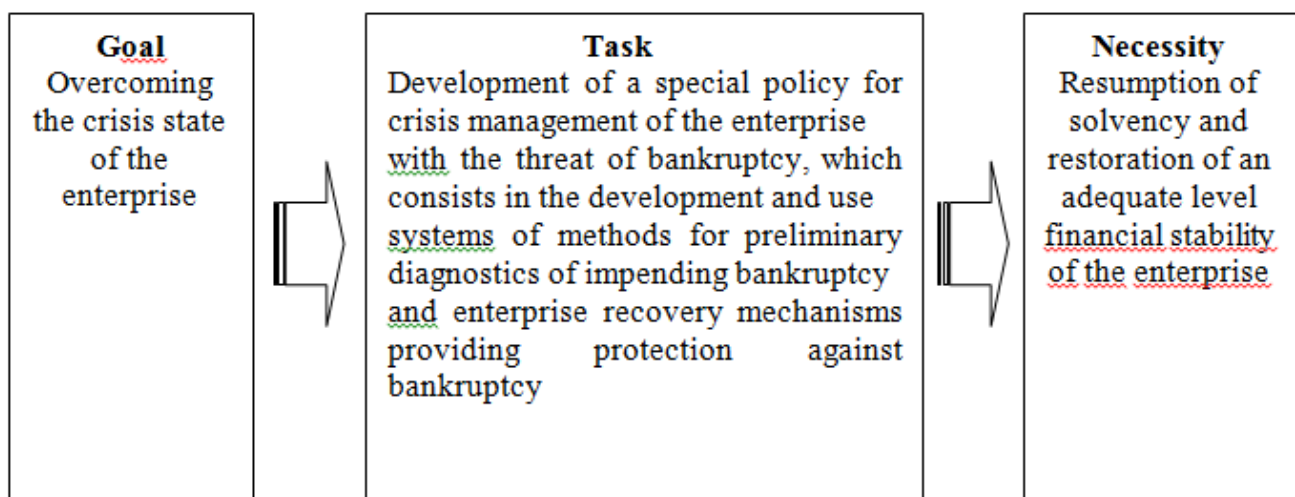


Figure 1.

In England, the bankruptcy legislation of which, as a rule, contains more provisions aimed at satisfying the requirements of creditors than the interests of debtors, the number of financial recovery procedures implemented in percentage terms even exceeds such indicators in the USA.

As for Germany, it should be noted that in terms of the reorganization, the insolvency system contains a number of standards developed on the basis of rehabilitation measures that have been tested in the United States. So, for German debtor companies, in addition to carrying out the reorganization procedure, the arbitration manager provides for the possibility of independent management of the business by the debtor after a voluntary appeal to the court. This measure largely repeats the America-wide “debtor in possession” recovery mechanism, according to which the debtor himself implements his reorganization plan under the supervision of an independent supervisor appointed by the court.

However, at the same time, in Germany the traditional procedure with the direct participation of the insolvency administrator appointed by the court is more common [7], and in most countries it is the only option for restructuring.

In modern economic conditions, both domestic and foreign enterprises have extensive experience in financial recovery, but, of course, it varies greatly in depth, the methods and models of state regulation used. For the most part, the focus is on the macroeconomic well-being of the country, its population, enterprises, and each country has its own legal framework and mechanisms for financial recovery.

Conclusion

More attention should be paid to analyzing the effects of inflation. Ignoring its influence in accounting and reporting, the absence in the analysis of the calculation of inflationary effects lead to the fact that the actual efficiency of financial and economic activities is distorted. Indicators of the financial condition of the enterprise cease to serve as an objective basis for making the right management decisions. In this regard, the quality of financial management is reduced to a dangerous limit, threatening a complete loss of enterprise manageability.

Before proceeding with the analysis of the financial stability of an enterprise operating in conditions of inflation, it is necessary to clear the reporting of inflationary effects. Otherwise, it is impossible to choose the right strategy for the enterprise, providing him with the preservation of financial well-being.

These costs of the enterprises and the company can be represented as investments in the stabilization and development of the external environment of the business: the construction of infrastructure systems, the maintenance of social facilities, the maintenance of economic and social ties with the regional and municipal community. In the aggregate opinion of the heads of enterprises and companies, according to the understanding of socially responsible business, social responsibility is considered from the standpoint of the business itself in the form of profitability and development with a simultaneous increase in income and the creation of new jobs.

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