



FINANCIAL AND ECONOMIC ANALYSIS OF AN ENTERPRISE: ESSENCE, METHODS, AND INFORMATION SUPPORT

Ergashev Erkin Esirgapovich

*Tashkent University of Economics and Pedagogy, Economics Faculty, Economics
Department*

E-mail: e.ergashev67@gmail.com

Phone: +998 93 553 28 55

Abstract: *This article examines the essence of financial and economic analysis of an enterprise as an important instrument of managerial decision-making. The study focuses on the role of financial statements as the main information base for assessing liquidity, solvency, profitability, financial stability, and business efficiency. The research discusses the key analytical methods used in enterprise diagnostics, including horizontal analysis, vertical analysis, and ratio analysis. The article also highlights the importance of identifying trends, structural changes, and internal reserves for improving financial performance. The results show that financial and economic analysis is not only a retrospective evaluation of an enterprise's condition, but also a practical basis for forecasting, risk assessment, and strategic planning. The findings confirm that a systematic approach to financial analysis helps management strengthen competitiveness, improve resource utilization, and ensure sustainable development.*

Keywords: *Financial and economic analysis, enterprise, financial statements, liquidity, solvency, profitability, financial stability, ratio analysis, management decisions.*

Introduction

The study of an organization's financial and economic condition is a multifaceted process that includes various analytical methods and tools. This analysis is aimed at assessing the key performance parameters of the company, such as financial stability, the ability to meet payment obligations on time, profitability, and other key indicators that determine the overall efficiency of the enterprise. The systematic use of various methods of financial and economic analysis helps strengthen the organization's market position, allows for an adaptive response to changes in the external environment, and ensures a stable position for the company in the long term.

Literature Review

Financial and economic analysis of an enterprise is a fundamental instrument of managerial decision-making because it allows researchers and practitioners to assess liquidity, solvency, profitability, financial stability, and the efficiency of resource use [3,7]. In the literature, this type of analysis is commonly defined as a systematic process of collecting, interpreting, and evaluating financial information to support operational, tactical, and strategic decisions. Its importance extends beyond internal management, since investors, creditors, suppliers, and regulators also rely on financial analysis when assessing the reliability and performance of a business entity [4].



A major body of research emphasizes the informational role of financial statements in enterprise analysis. White, Sondhi, and Fried argue that financial statement analysis is essential for understanding the economic meaning of accounting data and for linking reported results to a company's future prospects [7]. Gitman similarly presents financial analysis as a core part of managerial finance, where indicators derived from financial reports help evaluate risk, return, and value creation [4]. These studies show that the quality of enterprise analysis depends not only on the availability of financial statements but also on the analyst's ability to interpret them in a way that supports decision-making [5].

Another important research stream concerns ratio analysis as the main method for evaluating enterprise performance. Scholars commonly divide analytical indicators into liquidity ratios, solvency ratios, profitability ratios, and activity ratios because each group reflects a different dimension of financial condition [2]. The reviewed literature shows that solvency and profitability are closely connected: excessive debt burden may weaken profitability, while strong profitability can improve financial independence and resilience. For this reason, researchers recommend that ratio analysis should be performed comprehensively rather than through isolated indicators [1].

Recent studies also stress that financial and economic analysis should be viewed as a forward-looking tool, not merely a retrospective assessment. The review by financial statement analysis: a review and current issues notes that research in this area seeks both to improve fundamental analysis and to identify market inefficiencies, which confirms the broader strategic role of financial statement evaluation. In practical terms, this means that analysis of the balance sheet, income statement, and related financial data helps identify weaknesses in capital structure, detect trends in financial performance, and support planning for sustainable development. Therefore, the literature consistently supports the idea that enterprise financial and economic analysis is essential for diagnosing the current condition of a firm and for shaping effective long-term management decisions [5,8].

Research Methodology

This study is based on a systematic and comparative approach to the financial and economic analysis of an enterprise. The methodological framework combines theoretical generalization, analysis and synthesis, comparison, and the study of financial statement data in order to identify the key factors that determine the enterprise's financial condition. Such an approach is appropriate because financial and economic analysis requires both the interpretation of accounting information and the evaluation of trends, structures, and relationships among financial indicators.

The empirical basis of the research consists of the enterprise's financial statements, primarily the balance sheet and the statement of financial results. These documents are used because they provide the most complete information for assessing assets, liabilities, income, expenses, profitability, liquidity, and solvency. On this basis, the study applies horizontal analysis to examine changes in indicators over time, vertical analysis to determine the structural composition of assets, liabilities, income, and expenses, and ratio analysis to evaluate liquidity, financial stability, profitability, and business activity.



The research procedure was organized in several stages. First, the relevant literature on financial and economic analysis was reviewed to identify the main analytical concepts and commonly used methods. Second, financial statement data were collected and grouped according to the main analytical blocks of enterprise performance. Third, the data were processed using comparative, structural, and ratio-based methods in order to reveal trends, strengths, weaknesses, and potential reserves for improving the enterprise's financial condition. Finally, the results were interpreted to determine the practical implications for financial management and strategic planning.

The choice of methods is justified by the nature of the research problem. Financial and economic analysis is not limited to a static description of reporting indicators; it also requires identifying cause-and-effect relationships and assessing the dynamic development of the enterprise. Therefore, the use of horizontal, vertical, and ratio analysis, supplemented by comparative interpretation, makes it possible to form a reliable and comprehensive assessment of the enterprise's current position. This methodological design ensures that the conclusions are grounded in financial reporting evidence and can be used to support managerial decision-making.

Analysis and Results

The analysis of the collected material shows that financial and economic analysis is a comprehensive process aimed at evaluating the current condition of an enterprise and identifying reserves for improving its performance. The reviewed sources consistently indicate that this analysis is based on the study of financial statements, primarily the balance sheet and the statement of financial results, which provide the main information for assessing assets, liabilities, income, expenses, profitability, and solvency. Therefore, the material confirms that financial statement data remain the core basis for diagnosing the financial condition of an enterprise.

The importance of such analysis extends beyond the scope of internal management control and is of great interest to a wide range of external stakeholders. These include potential investors, credit organizations, business partners, and state regulatory bodies, where the financial stability of the enterprise is an important criterion for decision-making. In modern conditions, a comprehensive approach to analyzing the financial and economic situation is becoming a key component of competent financial management and long-term strategic planning.

Analyzing the presented definitions, it can be noted that the theoretical concepts considered reveal various aspects of a single process—a comprehensive assessment and in-depth study of the organization's activities necessary for the formation of effective management decisions. The presented definitions harmonize with each other, supplementing and expanding the understanding of the economic phenomenon under study.

Based on the above concepts, it can be concluded that the analysis of the financial and economic situation is a complex process of studying, processing, and evaluating a set of financial and economic indicators characterizing the enterprise's activities, its stability, solvency, profitability, entrepreneurial activity, and resource efficiency. This analysis is carried out to identify development trends, identify the current situation, diagnose problem



areas, and search for reserves and opportunities to increase the efficiency of enterprise management in the short and long term.

The main goal of the financial and economic analysis of an economic entity's activities is to assess current financial results, create a basis for forecasting further development, and identify ways to increase the efficiency of the enterprise.

Particular attention is paid to studying the level of profitability (loss) of the business entity, the dynamics of changes in the structure of assets and liabilities, as well as settlements with creditors and debtors. Although the analysis of the financial and economic condition of an enterprise is often conducted for a previous period, the results obtained are of particular importance to the company's management as a basis for developing new company development strategies.

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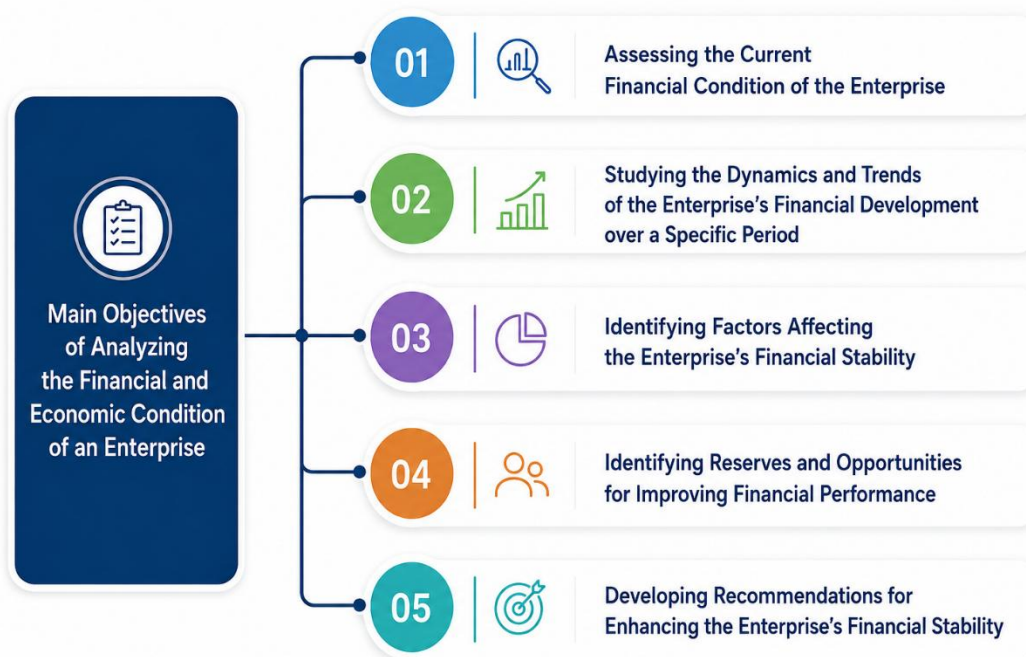


Figure 1. Main tasks of financial and economic analysis

The analysis of the current state of the enterprise includes a comprehensive assessment of its liquidity, solvency, and profitability. For this analysis, the following is performed:

1. Assessment of the composition of assets and liabilities, including determining the ratio of long-term and short-term liabilities, the share of equity and debt capital, and the liquidity of assets.
2. Analysis of liquidity and solvency, including the study of the enterprise's ability to pay its obligations to counterparties and creditors in a timely manner based on the



calculation of liquidity indicators (the basis of the analysis is the calculation of liquidity indicators).

3. The study of financial results, which includes the analysis of the enterprise's profit and profitability, and the identification of sources of income and the structure of expenses.

4. The diagnosis of financial risks is aimed at assessing the probability of crisis situations associated with a lack of financial resources.

Analysis of the current state of the enterprise allows for the assessment of the enterprise's financial condition, the identification of its strengths and weaknesses, and the creation of a foundation for further forecasting and strategic planning.

The next task of the analysis involves identifying trends and patterns of financial development, which allows for the assessment of changes in key economic indicators and the formation of a forecast for the organization's development. This step includes:

1. Horizontal analysis is a comparative analysis of financial indicators for several reporting periods to identify stable trends.

2. The study of income and expenditure dynamics involves analyzing changes in the structure of profits and expenditures, as well as identifying factors affecting their level.

3. Vertical analysis is aimed at studying changes in the structure of assets and liabilities, assessing changes in the structure of capital, and determining the level of financial independence.

4. Analysis of the impact of macroeconomic and sectoral factors on the enterprise's financial indicators.

The next task in achieving the objective of the financial and economic analysis is to identify the factors influencing the identified characteristics of the enterprise's financial and economic condition. With the help of these factors, it is possible to quickly develop effective measures to strengthen the financial position in conditions of market instability. This step includes:

1. Study of internal factors, including an analysis of production costs, management costs, asset utilization efficiency, and investment policy.

2. The study of external conditions, including the analysis of market conditions, the dynamics of resource expenditures, and changes in state regulation of economic activity.

3. Analysis of the loan attraction strategy, including an assessment of the lending scale, loan conditions, and the level of financial dependency.

4. Assessment of the level of entrepreneurial activity, including the study of sales volume, customer base structure, and competitive advantages.

Subsequently, the company's reserves are identified, which can be used to increase profitability, improve financial performance, and ensure sustainable development. The tasks to be addressed can be linked to both reducing costs and increasing revenues, increasing the efficiency of working capital utilization, and forming investment policy.

Thanks to the directions presented in Figure 2, it is possible to ensure a high level of financial stability and achieve a more favorable structure of the enterprise's assets and liabilities.



Figure 2. Guidelines for determining enterprise inventories

The next task involves developing measures and recommendations to achieve the desired level of the organization's financial condition. The main directions for developing recommendations are presented in Figure 3.



Figure 3. Directions for developing recommendations for enterprises based on the analysis of the financial and economic situation



Thus, the listed directions are, to one degree or another, aimed at strengthening the financial condition of the business entity. Thanks to these recommendations, it is possible to achieve the intended goals and objectives of the enterprise's development and achieve the established plans.

Financial statements are the primary source of information for conducting financial and economic analysis. Their composition and forms are determined by the legislation of Uzbekistan. The main volume of information regarding the status and results of an economic entity's activities may consist of documents such as the balance sheet and the statement of financial results. The balance sheet is a snapshot of what property the enterprise owns and what obligations it has as of a specific date. This document allows for a detailed study of the structure of an organization's assets, covering both current and long-term components, as well as an assessment of the dynamics of short-term and long-term liabilities over a specific period of time.

The statement of financial results is the primary analytical tool, containing detailed information on the income, expenses, and final financial results of the enterprise's activities during the reporting period. With the help of this document, specialists can not only assess the economic efficiency of the organization's work but also identify the main factors influencing the formation of profit or the emergence of losses.

Conclusion

The study confirms that financial and economic analysis is an essential tool for evaluating the current condition of an enterprise and supporting managerial decision-making. The reviewed literature shows that such analysis is based primarily on financial statements and is intended to assess liquidity, solvency, profitability, financial stability, and operational efficiency. In this sense, financial analysis is not only a retrospective assessment of past performance, but also a practical basis for forecasting and strategic planning.

The research also demonstrates that the financial condition of an enterprise should be viewed as a multidimensional phenomenon rather than through a single indicator. Horizontal analysis, vertical analysis, and ratio analysis together provide a more complete picture of the enterprise's financial position and help identify trends, structural imbalances, and problem areas. This approach makes it possible to detect both strengths and weaknesses in the company's financial structure and to support timely corrective actions.

The results further indicate that solvency and profitability are closely interrelated, and that an effective capital structure is necessary to maintain both financial independence and sustainable growth. For this reason, enterprise management should focus not only on increasing profit, but also on preserving liquidity, controlling debt burden, and improving the efficiency of asset use. Such a balanced approach strengthens the enterprise's resilience in changing market conditions and improves its long-term competitiveness.

In conclusion, financial and economic analysis should be considered a key element of modern enterprise management. It provides a reliable information base for identifying reserves, evaluating risks, and developing measures aimed at improving financial performance. Therefore, the systematic application of financial analysis methods is necessary for ensuring stable development and sound decision-making at the enterprise level.



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