

## **ENTERPRISE FINANCIAL STATUS: ESSENCE AND NEED FOR ANALYSIS**

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In market conditions, enterprises are separate entities that individually and independently from other organizations or institutions, as well as the state, attract financial resources, make efforts for their effective placement in order to ensure continuous and uninterrupted operation.

For further analysis, it is necessary to critically analyze research and practices on the interpretation of the concept meaning – “enterprise financial status”. Domestic and foreign scientists have repeatedly tried to give a clear definition of this concept, but there is no consensus to this day.

Thus, O.A. Bazilinska considers the financial status as a set of certain indicators that characterize the availability, location and use of the enterprise financial resources [1].

Meanwhile, N.O. Kolomiets and O.P. Kolomiets argue that the financial status is the ability of an enterprise to finance its activities, which is characterized by the provision of financial resources necessary for the normal operation of the enterprise, the appropriateness of these resources and their efficiency, and also financial relations with other legal entities and individuals, solvency and stability [3].

According to M.D. Bilyk, the financial status of an enterprise is the real and potential ability of the enterprise to provide the necessary level of current activities financing, development and repayment of its obligations to other entities and the state [2].

In turn, A.M. Poddierohin believes that an enterprise financial status is a complex concept that is the result of the interaction of all elements of the enterprise financial relations, determined by a set of production and economic factors and characterized by a system of indicators reflecting the availability, location and use of financial resources [4].

According to G.V. Savytska, an enterprise financial status is an economic category that reflects the enterprise state of capital in the process of its circulation, as well as the ability of the business entity to self-development at a fixed time [5].

Thus, summarizing the above concepts, it can be argued that an enterprise financial status is a condition in which the enterprise is able to provide constant and uninterrupted financing of its activities, as well as its ability to pay its obligations to other business entities, their creditors and the state.

That is, the assessment of financial status allows the company's management to forecast and plan its work in such a way as to achieve the best results of its activities. Since in a market economy, companies are independently responsible for their activities, the results of their activities and bankruptcy, the role and importance of analysis and evaluation of economic entities financial status, assessment of their liquidity and solvency and their financial stability increases significantly. Thus, the main purpose of enterprise financial status analysis is the timely identification and immediate elimination of shortcomings in the

financial statements, as well as the search for possible ways to increase solvency and strengthen its financial status.

In turn, the purpose of assessing the financial status of the entity is to find possible reserves to increase the level of profitability and solvency to meet its obligations to budgets, its counterparties, banks and other creditors.

As a result, an enterprise financial status requires constant systematic and comprehensive assessment through the use of various methods and techniques of analysis. This will allow a critical assessment of the financial results of the enterprise, as inefficient use of resources of the entity leads to its low solvency, which results in possible disruptions in the supply of raw materials, production and sale of products. This leads to non-fulfillment of the profit plan and reduction of profitability, which results in the risk of bankruptcy or the application of economic sanctions.

Summarizing all the above, we can say that financial status analysis is a necessary component in the financial and economic activities of the entity, as it is an important factor in influencing important management decisions.

## **References**

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