

**ANALYSIS OF FINANCIAL SUSTAINABILITY ANALYSIS OF BUSINESS PROCESSES  
IN THE BUSINESS PROCESS**

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**Annotation:** *The article highlights the need to analyze and improve the financial sustainability of enterprises in the context of economic liberalization.*

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In the context of liberalization of the economy, economic growth and the well-being of the population depend on the financial and economic stability of economic entities operating in various sectors. Therefore, the issue of financial and economic stability of existing businesses is one of the most important issues in the attention of our government. In the context of the negative impact of the coronavirus pandemic, this need is growing.

The main goal of the measures taken to liberalize the economy is to ensure that economic entities operate on the basis of economic efficiency criteria and economic incentives, and on this basis to make the national economy competitive. In this regard, the issue of identifying enterprises that are not able to operate effectively, the elimination of the negative impact of such entities on other enterprises is also important for the non-governmental institution.

In our country, there is a separate state or non-existent structure, which is responsible for determining and analyzing the financial and economic situation of all business entities, but in a number of areas there are structures that do this. For example, in the banking sector, the financial stability of commercial banks is monitored by the Central Bank through the establishment of economic standards and monitoring their compliance. In addition, information-rating companies regularly determine and publish the rating of commercial banks.

In the real sector of the economy, the focus is on enterprises whose financial situation has deteriorated. In particular, the Bankruptcy Law was adopted on May 5, 1994 (a new edition was adopted on April 24, 2003). In order to comply with the requirements of this Law, it was necessary to determine and assess the financial and economic condition of enterprises. In order to ensure its implementation, on July 17, 1995, a resolution was adopted "On measures to implement the Law" On Bankruptcy ". On December 11, 1996, the Decree of the President of the Republic "On measures to implement the law on bankruptcy of enterprises" was issued and a special body - the Committee on the Affairs of Economically Insolvent Enterprises was established. In 1997, the Committee on Economic Insolvency of the Republic of Uzbekistan developed the "System of criteria for

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determining the signs of economic insolvency of the enterprise <sup>1</sup>. " According to this normative document, the economic insolvency of the enterprise is determined by the coefficient of solvency, the ratio of own and borrowed funds, the coefficient of financial independence and the coefficient of self-sufficiency. Thus, the implementation of the Bankruptcy Law is based directly on financial and economic analysis and control procedures.

The analysis of financial stability is given special attention in the legislation governing the activities of commercial banks. Article 4 of the Law on Banks and Banking Activities stipulates that banks provide loans on their own behalf and at the expense of borrowed funds on terms of repayment, maturity and maturity <sup>2</sup>. In order to facilitate the implementation of these conditions and ensure the protection of the interests of the bank's shareholders, the Central Bank of the Republic of Uzbekistan has developed a "Regulation on Requirements for Credit Policy of Commercial Banks (new edition)" (approved by the Central Bank on February 22, 2000). registered in March No. 905). Clause 2.6 of the Regulation states that the credit policy should detail the procedures for analyzing the financial condition of prospective borrowers in order to determine their creditworthiness. The bank must clearly define the criteria of the borrower's creditworthiness and the methodology of their assessment <sup>3</sup>.

Requirements for financial and economic monitoring of the client's activities in the lending process are also contained in other regulations of the Central Bank. In particular, in the process of monitoring the "Procedure for lending to farms by commercial banks, as well as small and medium businesses in the national currency" (registered by the Board of the Central Bank of the Republic of Uzbekistan on March 7, 200 No. 907) ) in accordance with The bank must constantly monitor the creditworthiness of the borrower, sorting the documents in the credit folder <sup>4</sup>.

A number of other laws adopted in our country also provide for the study of the financial and economic results of the activities of business entities. Section 5 of the Law "On guarantees of freedom of entrepreneurial activity" deals with the state support of entrepreneurial activity in the country <sup>5</sup>. This section of the law deals with the powers of public authorities in the field of business support, the powers of local authorities in the field of business support, government incentives for business development, business support funds, accelerated depreciation, energy supply to small and private businesses. benefits, state support for the training of personnel for entrepreneurial activities. In particular, Article 41 stipulates that public administration bodies within their competence shall comply with the legislation on guarantees of freedom of entrepreneurial activity and study the existing problems in the development of entrepreneurial activity. Fulfillment of this task requires a serious analysis of the financial and economic activities of business entities.

<sup>1</sup> H asanov N., Najbiddinov S. Assessing the financial condition of the enterprise : Problems and their solution . - T .: "The world of economics and law ", 1999 .

<sup>2</sup> Sbornik zakonodateln y x Uz bekist a n aktov po reformirovaniyu i liberalizatsii bankovskoy sistemy Uzbekistana ». - T: « Uzbekistan», 2000, 31-str.

<sup>3</sup> Sbornik zakonodateln y x Uz bekist a n aktov po reformirovaniyu i liberalizatsii bankovskoy sistemy Uzbekistana ». - T: « Uzbekistan», 2000, 329-str.

<sup>4</sup> Sbornik zakonodateln y x Uz bekist a n aktov po reformirovaniyu i liberalizatsii bankovskoy sistemy Uzbekistana ». - T: « Uzbekistan», 2000, 349-ctp.

<sup>5</sup> Law on Guarantees of Freedom of Entrepreneurship. Hal q word, January 4, 2001.

A number of articles of the Law "On Joint Stock Companies and Protection of Shareholders' Rights" also provide for the study of financial stability of economic activity <sup>6</sup>. Thus, Article 60 of the Law restricts the payment of dividends in the following cases:

- until the charter capital of the company is paid in full;
- if at the time of dividend payment it meets the signs of insolvency (bankruptcy) or such signs appear as a result of payment of dividends;
- if the value of the company's net assets is less than the sum of its authorized fund and reserve funds.

The existence of these restrictions is determined on the basis of financial and economic analysis.

According to Article 17 of the Law "On Auditing", the professional services of the audit organization also include an analysis of the financial and economic activities of business entities. Article 18 of the law also states that the auditor's report should contain recommendations and suggestions to improve the efficiency of financial and economic activities of the business entity <sup>7</sup>.

The National Standard of Auditing of the Republic of Uzbekistan No. 90 "Professional services of the auditing organization" includes a list of professional services in the analysis of financial condition, liquidity analysis, solvency analysis and other services related to the analysis of financial and economic activities <sup>8</sup>.

In accordance with the above law, a national auditing standard called "Analytical Measures" approved by the Ministry of Finance of the Republic of Uzbekistan has been adopted. This standard regulates the performance of analytical activities by an audit firm. The section of the standard entitled "Analytical activities" defines the procedure for conducting financial and economic analysis of business entities. The standard compares the financial condition of the business entity with the current indicators of its financial statements, the forecast indicators set by the audit organization, compares the financial statements with the average data of the industry, changes in financial statements over time and related ratios and other similar measures. transfer is provided. It should be noted that the interpretation of all indicators to be determined by the standard is performed by the auditor. This in some cases increases the likelihood that the business entity will have a subjective opinion about the financial and economic condition. Therefore, in this standard, it is advisable to develop clear criteria for assessing the financial and economic condition of the business entity.

The National Standard for Auditing of the Republic of Uzbekistan No. 31 "Familiarization with the activities of business entities" also provides for a number of analytical works. According to him, the auditor identifies a sample list of key issues that need to be considered in research and development related to financial management, marketing, etc., to improve and increase the efficiency of the main activities of the business entity, and emphasizes that the list is not detailed. At the same

<sup>6</sup> Law on Joint Stock Companies and Protection of Shareholders' Rights, Bulletin of the Oliy Majlis of the Republic of Uzbekistan, 1996, № 5-6, Articles 61; 1997, № 2, Article 56; 1998, № 3, Article 38; № 9, Article 181; 1999, №9, Article 229; 2001, № 1-2-2, Article 23 ; 2003, № 1, Article 8, № 9-10, Article 149 ; Bulletin of the Chambers of the Oliy Majlis of the Republic of Uzbekistan, 2006, № 4, Article 154

<sup>7</sup>Law of the Republic of Uzbekistan "On auditing" - Bulletin of the Supreme Council of the Republic of Uzbekistan, 1993, № 1, Article 15; Bulletin of the Oliy Majlis of the Republic of Uzbekistan, 1999, № 5, Article 124

<sup>8</sup> National standards of auditing of the Republic of Uzbekistan. "Analytical measures" No. 13. Namangan regional branch of the Chamber of Auditors, pages 41-45.

time, the auditor is not given specific recommendations on the study of each issue, ie the financial and economic analysis is carried out by the auditor based on his knowledge and experience.

In general, during the audit, an in-depth study of the financial and economic activities of the enterprise. However, such inspections are not mandatory for a large range of business entities. Therefore, in fact, prior to tax audits, a significant portion of those whose interests are related to the actual financial condition of such entities may not be aware of them. For example, farms are not included in the list of business entities that are subject to mandatory audits. Therefore, their financial and economic activities are examined by the tax authorities, first of all, in terms of correct payment of taxes and mandatory payments to the state budget, and secondly, in terms of maintaining accounting in accordance with the requirements of the law. In the first two years of operation, farms are not inspected. This means that the financial performance and financial condition of farms may not be assessed for a long time. Such a situation cannot be considered positive in terms of state regulation of the sector and the development of reasonable measures of state support.

Article 16 of the Law on Accounting stipulates that explanations, calculations and explanations of financial statements are also included in the financial statements <sup>9</sup>. Paragraph 14 of IFRS 1, Accounting Policies and Financial Reporting, describes what the additional information in the financial statements should include: can not provide all the information, so in addition to the financial statements include a financial statement prepared by the administration, which explains the main features of the financial activities and financial condition of the business entity and describes the uncertainties they face. This review reveals the main factors influencing the results of the business entity, investment policy to support and strengthen its activities, including the dividend policy in the current period, in particular in the future ... <sup>10</sup>

From the above, it is clear that in our country there is a regulatory framework that requires regular financial and economic analysis. But at the same time, work should be continued on the formation of mechanisms for the functioning of existing legislation in this area. In our opinion, there is a need to develop standards for financial analysis, taking into account the characteristics of different sectors of the economy.

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<sup>9</sup> Law on Accounting. - Bulletin of the Oliy Majlis of the Republic of Uzbekistan, 1996, № 9, Article 142

<sup>10</sup>National Accounting Offices . Tashkent , 2007.

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