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ANALYSIS OF THE STATE OF PRINCIPLES AND METHODOLOGY FOR ASSESSING THE FINANCIAL AND BUSINESS ACTIVITY OF ENTERPRISES

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Abstract: This article examines the theoretical and methodological foundations for assessing the financial and business activity of enterprises in modern economic conditions. The economic content of financial and business activity is revealed as a comprehensive characteristic reflecting the intensity of financial, material, and labor resource utilization, capital management efficiency, asset turnover speed, and the enterprise's ability to ensure sustainable development.

The main principles of financial and business activity analysis have been systematized, including comprehensiveness, systematicity, objectivity, comparability, continuity, reliability, and focus on the final results of the enterprise's activities.

Particular attention is paid to the study of existing methodological approaches to assessing financial and business activity. It examines a system of absolute and relative indicators characterizing the dynamics of revenue, profit, assets, and equity, as well as indicators of asset turnover and working capital.

Keywords: financial and business activity, enterprise, financial analysis, business activity, assessment methodology, analysis principles, financial condition, asset turnover, working capital, profitability, liquidity, financial stability, business cycle, resource efficiency, integrated assessment, management decisions.

The current stage of economic development is characterized by intensifying competition, increasing uncertainty in the external environment, accelerating technological changes, and increasing requirements for the quality of financial management at enterprises. Under such conditions, the sustainable development of economic entities is largely determined by their ability to effectively form, allocate, and utilize available resources, respond promptly to changes in market conditions, and maintain the necessary level of financial stability.

One of the most important characteristics of an enterprise's operational efficiency is its financial and business activity. This category reflects not only the intensity of economic turnover but also the effectiveness of using capital, assets, labor, material, and financial resources. Therefore, the analysis of financial and business activity should be considered an independent direction of the enterprise's comprehensive financial analysis.

The relevance of the study is determined by the fact that the traditional assessment of business activity, based primarily on turnover ratios, does not always allow for an objective understanding of the quality of the enterprise's economic development. An increase in revenue or an acceleration in asset

turnover does not yet indicate an improvement in the financial situation if, at the same time, the debt burden increases, profitability decreases, solvency deteriorates, or financial risk increases.

Consequently, there is a need to form a comprehensive methodology for assessing financial and business activity, combining indicators of economic activity dynamics, financial stability, liquidity, profitability, turnover, and capital utilization efficiency.

The aim of the study is to systematize the principles and develop methodological approaches for the comprehensive assessment of the financial and business activity of enterprises.

To achieve the set goal, it is necessary to solve the following tasks: reveal the economic essence of the enterprise's financial and business activity; define the main principles of its analysis; systematize assessment indicators; review existing analytical methods; form a consistent methodology for comprehensive assessment; and determine directions for improving analysis under conditions of economic digitalization.

The object of the study is the financial and economic activities of enterprises.

The subject of the study is the economic relations, indicators, methods, and analytical tools that form the system for assessing the financial and business activity of an enterprise.

The study employs methods of systematic and comparative analysis, horizontal and vertical analysis, coefficient analysis, factor analysis, index analysis, economic statistics, as well as generalization, grouping, and integral assessment.

In economic literature, the concept of "business activity" is considered from various perspectives. In a narrow sense, it characterizes the turnover rate of the enterprise's assets and the intensity of their utilization. In a broader sense, business activity reflects the totality of an enterprise's actions aimed at expanding production, increasing sales volumes, increasing competitiveness, strengthening market positions, and ensuring sustainable economic growth.

However, in modern conditions, it is advisable to use a broader concept—the financial and business activity of the enterprise.

The first is the business component, characterizing the intensity of economic activity, sales dynamics, resource productivity, asset turnover speed, and the enterprise's ability to strengthen its position in the market.

The second is the financial component, which reflects the quality of capital formation and utilization, solvency, liquidity, financial stability, profitability, and the enterprise's ability to generate cash flows.

The interconnection of these components is of fundamental importance. High business activity without adequate financial stability can lead to excessive borrowing, an increase in accounts receivable, and a shortage of cash resources. On the other hand, an excessively conservative financial policy is capable of ensuring high liquidity while simultaneously reducing the intensity of capital turnover and growth potential.

Therefore, effective management involves achieving an optimal ratio between the enterprise's development rate, profitability, liquidity, and financial risk.

The methodology for analyzing financial and business activity must be based on a system of principles that ensure the objectivity and practical significance of the research results.

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The principle of comprehensiveness signifies the necessity of researching financial and business activity in conjunction with financial stability, solvency, profitability, turnover, cash flows, and investment activity.

The principle of systematicity provides for the consideration of the enterprise as a unified economic system, in which the change of one indicator affects other characteristics of activity.

The principle of objectivity involves the use of reliable financial, statistical, management, and other information.

The principle of comparability requires ensuring the comparability of indicators across periods, enterprises, industries, and applied calculation methodologies.

The principle of dynamism involves evaluating indicators not only for a specific reporting date but also studying their trends over several periods.

The principle of continuity signifies the regularity of financial analysis and monitoring of key indicators.

The principle of promptness involves the timely receipt of analytical information for making management decisions.

The principle of effectiveness involves focusing analysis not only on identifying problems but also on developing specific measures to increase the effectiveness of activities.

The principle of risk accounting means that the increase in activity volumes must be assessed simultaneously with changes in financial and operational risks.

The principle of strategic orientation involves the interconnection of analysis results with long-term goals and the enterprise's development strategy.

Thus, the assessment of financial and business activity should go beyond the simple calculation of financial coefficients and transform into an information-analytical basis for managing the enterprise.

The comprehensive system of indicators can be presented as follows.

Analysis direction	**Main indicators**	**Economic content**
Scope of activity	revenue, assets, equity, profit	characterizes the dynamics of enterprise development
Turnover	turnover of assets, capital, inventories, and debts	shows the rate of economic turnover
Profitability	ROA, ROE, sales profitability	reflects the efficiency of resource utilization
Liquidity	current, fast, absolute liquidity	characterizes solvency

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Financial stability	autonomy, financial leverage, provision of own funds	reflects the dependence on borrowed capital
Accounts payable	coefficient and turnover period	characterizes the effectiveness of settlements with customers
Accounts payable	coefficient and turnover period	shows the intensity of settlements with creditors
Stocks	turnover and storage period	characterizes the efficiency of inventory management
Cash flows	operating cash flow	characterizes the ability to generate monetary resources
Resource productivity	capital productivity	demonstrates the efficiency of resource utilization

Especially important is the assessment of the growth rate ratio of the main economic indicators. In the classical approach, the following dependence is considered favorable:

$$\mathbf{Тп > Тв > Та > 100\ \%,}$$

where:
Тр — profit growth rate;
Тv — revenue growth rate;
Та — asset growth rate.

The economic content of this dependence is as follows: the enterprise's assets must increase, but the sales volume must grow faster than the assets, indicating an improvement in the efficiency of property use. At the same time, profit must increase at a higher rate compared to revenue, which characterizes an increase in the overall efficiency of activities.

However, applying this rule requires caution. For example, large investment projects may temporarily lead to faster asset growth compared to revenue, which is not necessarily a negative phenomenon.

A significant number of internal and external factors influence the state of financial and business activity.

Internal factors include capital structure, financial management quality, labor productivity, inventory management policy, fixed asset status, pricing policy, counterparty settlement system, cost level, innovation activity, and the organization of internal control.

External factors include inflation, interest rates, tax policy, financial market conditions, population purchasing power, currency fluctuations, the competitive environment, state regulation, and the general macroeconomic situation.

The impact of factors can be multifaceted. For example, expanding borrowed financing can accelerate the development of an enterprise, but at the same time, it increases financial risks. An increase in inventories can ensure uninterrupted production but leads to a slowdown in capital turnover.

An analysis of existing approaches allows for the identification of a number of methodological problems.

Firstly, there is no unified universal system of financial and business activity indicators.

Secondly, many methodologies are primarily focused on retrospective analysis and do not sufficiently account for the enterprise's development prospects.

Thirdly, the regulatory values of individual financial coefficients are often applied without considering the specifics of the sector.

Fourth, traditional approaches do not sufficiently account for the quality of cash flows and the enterprise's ability to generate funds.

Fifth, individual indicators may yield contradictory results. For example, an enterprise may simultaneously be characterized by high profitability and insufficient liquidity.

Sixth, non-financial factors—management quality, innovation activity, digitalization, business reputation, customer base quality, and human resource potential—are insufficiently considered.

Seventh, in traditional analysis, there is a time gap between the emergence of negative trends and their reflection in financial statements.

These problems indicate the need for further development of the methodology.

The conducted research allows for the conclusion that financial and business activity is a comprehensive characteristic of the state and development dynamics of the enterprise, combining indicators of economic turnover intensity and financial management efficiency.

Under modern conditions, assessing financial and business activity should not be limited to calculating turnover ratios. It must cover the dynamics of activity scales, profitability, liquidity, financial stability, capital structure, cash flows, and resource utilization efficiency.

The main principles of analysis are comprehensiveness, systematicity, objectivity, comparability, continuity, dynamism, efficiency, effectiveness, and the consideration of risk factors.

The methodology for comprehensive assessment must provide for the formation of an information base, horizontal and vertical analysis, research into turnover, financial stability, and profitability, factor analysis, comparative assessment, the formation of an integral indicator, and the development of management decisions.

The transition from retrospective assessment to a predictive-analytical management model is of particular importance. In the context of digitalization, it becomes possible to establish a system for continuous monitoring of financial and business activity, capable of identifying negative changes in a timely manner and forming an informational basis for decision-making.

The proposed comprehensive approach eliminates the limitations of traditional valuation based on individual financial coefficients. Its application contributes to a more objective assessment of the enterprise's current state, the identification of internal reserves, increased efficiency in capital utilization, and ensured financial stability.

Thus, improving the principles and methodology for assessing financial and business activity is one of the key directions in increasing the efficiency of enterprise management. A promising direction for further research is the development of sectoral integrated valuation models that account for enterprise specifics, financial risk levels, cash flow dynamics, and the impact of digital transformation on economic activity efficiency.

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