

## FINANCIAL ANALYSIS PROCESS: PROBLEMS AND SHORTCOMINGS

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**ANNOTATION.** This article analyzes the main problems and shortcomings encountered in the financial analysis process of enterprises. In particular, issues such as incomplete financial information, incorrect selection of analysis methods, lack of qualified specialists, misinterpretation of financial indicators, and insufficient use of modern digital technologies are examined. Practical recommendations to improve the effectiveness of financial analysis are also proposed.

**Keywords:** financial analysis, financial indicators, liquidity, profitability, financial reporting, risks, analytical methods.

**INTRODUCTION.** In modern economic conditions, financial analysis plays an important role in assessing the activities of an enterprise, making management decisions, and ensuring financial stability. Through financial analysis, the liquidity, solvency, profitability, and financial risks of an enterprise are determined. However, in practice, the process of financial analysis is carried out with many problems and shortcomings.

Poor quality of financial reporting, superficial assessment of analysis results, and lack of use of scientifically sound methods can lead to incorrect management decisions. Therefore, the issue of identifying and eliminating problems in the process of financial analysis is urgent.

### REVIEW OF LITERATURE

The issue of the effectiveness of the financial analysis process and the problems that arise in it has been widely covered in the scientific research of many foreign and domestic scientists. In scientific sources, financial analysis is recognized as the main tool for assessing the financial condition of an enterprise, identifying risks and making strategic decisions. However, it is noted that improper organization or superficial conduct of the analysis process reduces the effectiveness of financial management. In foreign literature, in particular, E. Helfert and R. Brigham emphasize that the incorrect selection of indicators used in financial analysis and failure to take into account their interdependence lead to erroneous conclusions. According to their research, an assessment based solely on liquidity or profit indicators does not fully reflect the real financial condition of the enterprise. They also indicate that insufficient attention is paid to cash flow analysis in the financial analysis process as one of the main shortcomings.

M. White and G. Sondhi in their research note that the quality of financial analysis results is directly related to the reliability of financial statements. In their opinion, errors in reports, incorrect estimates and late data distort the results of the analysis. Therefore, it is important to check the reporting data before conducting financial analysis. This issue is also paid special attention in the studies of local scientists. In particular, Uzbek economists emphasize that financial analysis often becomes formal in nature and is limited only to reporting. In their

opinion, the results of financial analysis are not sufficiently integrated into practical management decisions.

Also, in modern scientific literature, the issue of introducing digital technologies into the financial analysis process is considered a topical issue. Reports of international financial institutions have scientifically proven that automated financial analysis systems reduce errors, increase the speed and accuracy of analysis.

The general content of the analyzed literature shows that the main problems in the financial analysis process are explained by the low quality of information, insufficient application of analysis methodology, and excessive dependence on the human factor.

### **RESEARCH METHODS**

The following methods were used in the preparation of the article:

systematic analysis - a comprehensive study of problems in the process of financial analysis;

comparative analysis - comparing the effectiveness of various analysis methods;

logical analysis - identifying the relationship between financial indicators;

practical observation - identifying problems based on the financial statements of enterprises.

### **ANALYSIS AND FINDINGS**

The study of the financial analysis process showed that in many enterprises, analytical work is carried out not systematically, but periodically and formally. As a result, financial indicators remain only at the calculation level, without revealing their deep economic content.

During the analysis, it was found that one of the most common problems is the incompleteness and late formation of financial reporting data. This situation reduces the relevance of the results of financial analysis and creates uncertainties in making management decisions.

The range of indicators used in financial analysis is also not wide enough. In many enterprises, the analysis is mainly limited to profit and profitability indicators, and liquidity, financial stability, debt load and cash flows are not analyzed in depth. This limits the ability to identify financial risks in a timely manner. Also, cases of misinterpretation of the results of financial analysis are widespread. For example, an increase in profit is always considered a positive situation, but the sources from which it was formed and its impact on cash flows are not sufficiently analyzed. As a result, short-term profit can have a negative impact on long-term financial stability.

The results of the study showed that enterprises with a low level of automation of financial analysis are more likely to experience analytical errors and subjective assessments. In contrast, enterprises using modern financial analysis programs have been observed to have more accurate and reliable analysis results.

In general, the existing shortcomings in the financial analysis process negatively affect the efficiency of financial management of enterprises and reduce the level of resource utilization.

## **CONCLUSION AND SUGGESTIONS**

Based on the research conducted, the following conclusions were drawn:

The financial analysis process is not systematically implemented in many enterprises;

The quality of financial reporting data negatively affects the analysis results;

Analysis indicators are not used on the basis of a sufficiently comprehensive approach;

The level of use of digital technologies in financial analysis is low.

In order to eliminate these problems, the following proposals were developed:

1. Expanding the system of indicators and introducing an integrated approach to financial analysis;
2. Improving the quality of analysis by increasing the reliability of financial statements;
3. Regularly improving the skills of financial analysts and economists;
4. Automating the financial analysis process and using modern software tools;
5. Integrating the analysis results directly into management decisions. In conclusion, improving the financial analysis process is important in ensuring the financial stability, competitiveness and long-term development of enterprises.

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