

ANALYSIS OF THE FINANCIAL STABILITY OF AN ECONOMIC ENTITY

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Abstract: *This article examines the theoretical and practical aspects of analyzing the financial stability of an economic entity using the case of "«Uzdonmahsulot»" Joint Stock Company, which plays a strategically important role in the procurement, storage, and distribution of grain and seeds for state needs. The aim of the study is to identify the dynamics and structure of the company's key financial indicators and to determine the factors affecting its stability in conditions of market and macroeconomic volatility. Based on the conducted analysis, practical recommendations are proposed to enhance financial stability, improve liquidity, and ensure the sustainable development of the company. The findings can be applied in financial management practices and in the development of sectoral strategies for sustainable agricultural provision.*

Keywords: *financial condition, liquidity, ratio analysis, maneuverability of own funds, business activity indicators, return on equity.*

I. INTRODUCTION

Modern economic conditions are characterized by a high degree of economic instability, increased competition, and the necessity for enterprises to adapt to rapidly changing internal and external factors. In such an environment, a comprehensive assessment of financial stability gains particular importance as a key indicator of the stability and solvency of a business entity. Financial stability reflects an enterprise's ability to efficiently manage its resources, meet obligations to creditors and investors, and build potential for further development.

Issues related to diagnosing the financial condition become especially critical amid the transformation of economic relations and the growing influence of market risks. Therefore, the study of specific enterprises based on real data is particularly relevant, as it allows not only to identify internal growth reserves but also to substantiate managerial decisions aimed at enhancing business resilience.

In this research, the enterprise JSC "Uzdunmash" has been selected as the object of analysis, whose activities are of special interest in terms of ensuring the country's food security and the stable functioning of the agro-industrial complex. The specifics of its operational activities, related to the procurement, placement, and storage of grain and seeds for state needs, determine the high socio-economic significance of the enterprise and require constant monitoring of its financial stability.

The analysis of the financial condition of JSC "Uzdunmash" will allow for a deeper assessment of resource utilization efficiency, identification of vulnerabilities in the structure of assets and liabilities, and determination of internal and external factors influencing the enterprise's ability to maintain a stable position amid market instability. The obtained results can serve as a foundation for developing practical recommendations aimed at strengthening financial stability, improving profitability,

and ensuring the consistent achievement of the enterprise’s strategic objectives in the area of food supply.

II. LITERATURE REVIEW

The analysis of financial stability is a key aspect in assessing the solvency and overall sustainability of enterprises. Both domestic and international literature offer a wide range of methodologies and approaches to evaluating financial stability, reflecting different theoretical perspectives and practical frameworks on the issue.

Foreign authors define financial stability as “a crucial factor for business activity and enterprise reliability, as it determines a company’s competitiveness and potential in business partnerships and serves as a guarantor for effectively realizing the economic interests of all participants—both the enterprise itself and its partners—in the long term. A company’s stable position is the result of skillful management of the full range of production and economic factors influencing the company’s past, present, and future performance”⁸⁷.

Other authors argue that “financial stability is ensured by a rational balance between equity and borrowed capital. It is characterized by the allocation and effective use of resources and the sources of inventory formation”⁸⁸.

It is hard to disagree with authors who view financial stability as “a critical feature of a company's financial operations. Absolute financial stability gives a company an advantage over its competitors in obtaining loans, selecting suppliers, and attracting investments. It is primarily characterized by the structure and composition of funding sources”⁸⁹.

Domestic authors agree that “an organization’s financial stability refers to the state of its financial resources—including their distribution and use—which ensures the organization’s sustainable development. This development is driven by profit and capital growth, accompanied by the maintenance of solvency and creditworthiness within an acceptable level of risk”⁹⁰.

In Russian practice, methods based on financial ratio analysis are widely applied. These include ratios such as liquidity, autonomy, maneuverability, and availability of working capital. These approaches are explored in detail in the works of T.V.

⁸⁷ Шишкин А.В. Теоретический анализ финансовой устойчивости хозяйствующих субъектов // Journal of new economy. 2016. №2 (64). URL: <https://cyberleninka.ru/article/n/teoreticheskiy-analiz-finansovoy-ustoychivosti-hozyaystvuyuschih-subektov>

⁸⁸ Жалнова М.Н. Анализ финансовой устойчивости организации // Научное обозрение. 2022. №2. URL: <https://cyberleninka.ru/article/n/analiz-finansovoy-ustoychivosti-organizatsii-1>

⁸⁹ Цицеров В.Д. Анализ финансовой устойчивости предприятия / В.Д. Цицеров. - Текст: непосредственный // Молодой ученый. - 2022. - № 20 (415). - С. 527-528. - URL: <https://moluch.ru/archive/415/91700/>

⁹⁰ Нармаматов И.Б. Обеспечение ликвидности и финансовой устойчивости компаний в Республике Узбекистан // Экономика и социум. 2024. №4-2 (119). URL: <https://cyberleninka.ru/article/n/obespechenie-likvidnosti-i-finansovoy-ustoychivosti-kompaniy-v-respublike-uzbekistan>; Хазраткулова Л.Н. Оценка эффективности управления денежными потоками на предприятии // Парадигмы управления, экономики и права. 2023. - № 2. С. 68-77. https://paradigmy34.ru/issues/2023_02/Hazratkulova.pdf; Эргашева Ф. (2024). Экономическая сущность финансовой устойчивости страховых компаний в Республике Узбекистан: особенности ее определения. Экономическое развитие и анализ, 2(1), 579–585. извлечено от <https://inlibrary.uz/index.php/eitt/article/view/45040>

Bubnovskaya and L.D. Otmakhova, who conduct comparative analyses of domestic and foreign methodologies for assessing financial conditions⁹¹.

International scholars such as E. Altman have developed bankruptcy prediction models based on multivariate discriminant analysis. The "Altman Z-score model" is widely used to assess the likelihood of corporate insolvency and has been adapted for application in various countries, taking into account specific national economic conditions⁹².

A comparative analysis of domestic and foreign approaches to financial stability assessment is presented in the work of G.L. Aksenova. This study reviews different definitions of "financial stability" and examines assessment methodologies used in different countries⁹³.

Thus, the literature review demonstrates the diversity of approaches to assessing the financial stability of enterprises. This diversity arises from differences in economic conditions, legal frameworks, and industry specifics. The choice of a particular methodology should be based on the goals of the analysis, data availability, and the unique characteristics of the enterprise under study.

III. RESULTS

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 376 dated August 6, 2004, the primary tasks and areas of activity of «Uzdonmahsulot» JSC include:

- procurement, placement, and storage of grain and seeds for state needs;
- organization of the production of high-quality flour, groats, feed, as well as bread, pasta, and confectionery products to supply the population of the republic;
- improving relations with grain producers—companies and farmers—including grain reception, quality assessment and accounting, and the establishment of an effective quality control system;
- supporting the modernization and technical equipment of grain-producing enterprises and actively attracting foreign investments for these purposes;
- providing informational services to enterprises and organizations in the grain sector, as well as training, retraining, and professional development of personnel⁹⁴.

⁹¹ Бубновская Т.В. Методические подходы к оценке финансовой устойчивости предприятий // Территория новых возможностей. 2023. №3 (67). URL: <https://cyberleninka.ru/article/n/metodicheskie-podhody-k-otsenke-finansovoy-ustoychivosti-predpriyatiy>

⁹² Зубарев И.С. Возможность Z-модели Алтмана прогнозировать корпоративные финансовые затруднения российских компаний // Вестник евразийской науки. 2020. №3. URL: <https://cyberleninka.ru/article/n/vozmozhnost-z-modeli-altmana-prognozirovat-korporativnye-finansovye-zatrudneniya-rossiyskih-kompaniy>

⁹³ Дадаян А. С., Гурджиян А. А. Сравнительный анализ методов оценки финансовой устойчивости коммерческих организаций // Экономика и бизнес: теория и практика. 2015. №9. URL: <https://cyberleninka.ru/article/n/sravnitelnyy-analiz-metodov-otsenki-finansovoy-ustoychivosti-kommercheskih-organizatsiy>

⁹⁴ Постановление Кабинета Министров Республики Узбекистан от 06.08.2004 г. № 376 «О преобразовании государственной-акционерной корпорации «Уздонмахсулот» в акционерную компанию «Уздонмахсулот»» <https://lex.uz/docs/345389>

The 34 grain enterprises and their branches that form part of «Uzdonmahsulot» serve as the foundation for the production, storage, and processing of wheat grown in Uzbekistan.

The significance of analyzing the financial stability of «Uzdonmahsulot» JSC lies in ensuring the reliability and smooth operation of all affiliated grain enterprises responsible for key tasks related to the procurement, storage, and processing of wheat. The assessment of financial stability enables the timely identification of risks related to liquidity and solvency, facilitates effective resource management, and supports the company’s strategic role in national food security.

Continuous monitoring of «Uzdonmahsulot» JSC’s financial stability is essential to ensure uninterrupted operation of the grain supply chain, which directly affects the resilience of the agricultural sector and the country’s food security.

IV. DISCUSSION

To analyze the financial stability of the enterprise, we present in Table 1 the calculated data at the beginning and end of the reviewed period, followed by a dynamic analysis to assess the company’s level of financial stability:

Table 1

**Financial Stability Analysis of Uzdonmahsulot JSC, 2022–2025
(as of 01.01)⁹⁵**

Indicator	2022 г.	2025 г.	Change	
			Abs.	Rel., %
Absolute indicators, in billion UZS.				
Equity Capital	91,9	156,2	64,3	169,9
Borrowed Capital	68,9	100,6	31,4	145,9
Current Liabilities	65,5	100,6	35,1	153,5
Long-term Liabilities	3,4	-	-3,4	0,0
Invested Capital	61,7	72,2	10,5	117,0
Non-current Assets	97,3	127,4	30,1	130,9
Working Capital	60,7	119,9	59,3	197,6
Relative indicators (ratios)				
Autonomy Ratio	0,5714	0,6082	0,0368	106,44
Financial Leverage Ratio	1,3330	1,5524	0,2194	116,46
Financial Risk Ratio	0,7502	0,6442	-0,1060	85,87
Equity Maneuverability Ratio	0,6603	0,7680	0,1077	116,31
Financial Stability Ratio	0,5925	0,6082	0,0157	102,65

The data in Table 1 indicate certain issues in the financial condition of the enterprise. For instance, the maneuverability of own working capital appears to be insufficient, as reflected in the elevated value of the corresponding ratio. However, overall, all other indicators suggest that the company maintains a sufficient level of financial stability.

Let us determine the type of financial stability of Uzdonmahsulot JSC. To do this, Table 2 shows calculated losses, inventories, working capital, and funding sources:

⁹⁵ Составлено автором. Источник: Материалы официального сайта АК «Уздонмахсулот» <https://www.uzdon.uz/>

Table 2

Indicators Characterizing the Type of Financial Stability of Uzdonmahsulot JSC, 2022–2025 (as of January 1), in billion UZS⁹⁶

Indicator	2022 г.	2023 г.	2024 г.	2025 г.
Losses	5,6	7,1	12,3	8,9
Inventories (I)	30,6	59,7	52,9	45,3
Working Capital (WC)	-7,6	2,9	8,0	19,9
Funding Sources (FS)	57,9	83,3	112,3	120,5

Based on these, Table 3 presents the surplus or deficit of working capital and funding sources. A positive value is marked as 1, otherwise 0.

Table 3

Determination of Financial Stability Type of Uzdonmahsulot JSC, 2022–2025 (as of January 1), in billion UZS⁹⁷

Indicator	2022 г.	2023 г.	2024 г.	2025 г.
Surplus/Deficit of Equity Capital (EC)	30,1	27,2	64,2	74,7
Surplus/Deficit of Working Capital (WC)	-38,1	-56,8	-44,9	-25,4
Surplus/Deficit of Total Funding Sources (TFS)	27,4	23,5	59,4	75,2

Based on these three indicators, the composite measure S(F) indicating the type of financial stability is defined in Table 4:

Table 4

S(F) Value in Uzdonmahsulot JSC, 2022–2025 (as of 01.01)⁹⁸

Indicator	2022 г.	2023 г.	2024 г.	2025 г.
ES	1	1	1	1
WS	0	0	0	0
TFS	1	1	1	1

Thus, over the entire observed period, the composite indicator S(F) remained stable: $S(F) = (1, 0, 1)$. This indicates that the financial position of Uzdonmahsulot JSC is normal, meaning the company utilizes its own and investment funds rationally and attracts sufficient investment capital..

Let us now analyze the business activity indicators of Uzdonmahsulot JSC by calculating asset turnover ratios, inventory turnover, and accounts receivable turnover (Table 5).

In general, the data indicate that the highest asset turnover ratio occurred in 2023, which reflects a slowing asset turnover process. By the beginning of 2025, this ratio slightly declined, a positive indicator of improved operational efficiency. The asset turnover period decreased by 2% in 2025 compared to 2022.

The inventory and cost turnover ratio reached its minimum in 2022 and its maximum in 2025. A lower value of this ratio implies that more funds are tied up in less liquid items, which weakens the company's financial stability. The duration of one inventory turnover cycle decreased by 5 days in 2025 compared to 2022, signaling improved business activity.

⁹⁶ Compiled by the author. Source: ibid..

⁹⁷ Compiled by the author. Source: Official materials of Uzdonmahsulot JSC website <https://www.uzdon.uz/>

⁹⁸ Compiled by the author. Source: ibid.

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Table 5

**Business Activity Indicators of Uzdonmahsulot JSC,
2022–2025 (as of 01.01)⁹⁹**

Indicator	2022 г.	2023 г.	2024 г.	2025 г.	2025 y. in as a % of 2022 y.
Total Asset Turnover Ratio	1,13	1,24	1,17	1,15	102
Duration of One Asset Turnover (days)	318	290	308	313	98
Inventory and Cost Turnover Ratio	5,96	4,00	5,27	6,52	109
Inventory Turnover Period (days)	60	90	68	55	92
Accounts Receivable Turnover Ratio	6,17	9,57	8,52	6,95	113
Accounts Receivable Collection Period (days) ⁵⁸		38	42	52	89
Accounts Payable Turnover Ratio	3,31	3,58	2,70	2,93	89
Accounts Payable Payment Period (days)	108	100	133	123	113
Operating Cycle Duration (days)	118	128	110	107	91
Financial Cycle Duration (days)	10	28	-23	-16	-160

The accounts receivable turnover ratio in 2025 increased compared to 2022, from 6.17 to 6.95. This means that in 2022, the company collected payments within an average of 58 days, whereas in 2025, this reduced to 52 days—indicating increased profitability of circulating assets.

On the other hand, the accounts payable turnover ratio declined by 11% in 2025 compared to 2022, and the payment period extended by 15 days. This suggests inefficiencies in managing payables, an issue the management of Uzdonmahsulot JSC should prioritize, as the speed of accounts payable turnover directly influences the enterprise's financial condition.

Let's calculate the main profitability and return on investment indicators for JSC "Uzdunmashsulot" (Table 6).

Table 6

Profitability Analysis of Uzdonmahsulot JSC, 2022–2025 (as of 01.01)¹⁰⁰

Indicator	2022 г.	2023 г.	2024 г.	2025 г.	2025 y. in as a % of 2022 y.
Gross Profit Margin	0,06	0,07	0,08	0,06	100,00
Operating Profit Margin	0,15	0,13	0,13	0,24	157,82
Return on Assets (ROA)	0,15	0,13	0,12	0,11	73.33
Return on Equity (ROE)	0,26	0,22	0,21	0,19	73,08

⁹⁹ Compiled by the author. Source: ibid.

¹⁰⁰ Compiled by the author. Source: Official materials of Uzdonmahsulot JSC website <https://www.uzdon.uz/>

Core Activity Profitability	0,13	0,11	0,10	0,10	76,92
Overall Profitability	0,15	0,13	0,12	0,11	73,33
Return on Non-current Assets	0,25	0,25	0,25	0,23	92,00
Return on Current Assets	0,38	0,28	0,23	0,23	60,53

Profitability reflects the proportion of net profit relative to the company’s own capital. It is one of the most critical financial indicators for any investor or business owner, demonstrating how efficiently invested capital has been utilized. In this case, all profitability ratios are positive.

V. CONCLUSIONS

Thus, the analysis shows that the gross profit margin remains relatively stable, fluctuating between 0.06 and 0.08. The operating profit margin—profit generated from core activities—increased significantly from 0.13 in 2022 to 0.24 by early 2025. However, the data also reveal that compared to 2022, profitability decreased across all indicators in the current year.

The most significant decline was observed in the return on current assets, which dropped by about 40%. Return on equity fell by nearly 27%. Core activity profitability declined from 0.13 to 0.10. Return on assets also decreased, reaching 0.11 in 2025 compared to 0.15 in 2022. Similar trends are seen in the return on non-current assets and the profitability of regular business operations (production and commercial expenses).

Overall, although the company remains profitable, Uzdonmahsulot JSC’s management should pay close attention to the declining profitability of core operations, which indicates that the company’s performance in recent years has not been fully efficient.

In conclusion, the organizational and economic analysis of Uzdonmahsulot JSC shows that the enterprise holds the status of a joint-stock company. Its main activity lies in the wholesale trade of pharmaceutical products. As of today, the company employs 592 people.

An assessment of the company’s asset structure shows that equity constitutes a dominant share (around 60%) of the total capital, primarily consisting of charter capital and retained earnings.

The financial performance analysis indicates that revenue and net profit are growing year over year. In general, the financial condition of Uzdonmahsulot JSC can be characterized as stable.

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