

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) ANALYSIS

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Abstract: In the article, the report on the financial situation, which is an important form of financial reporting, that is, the analysis of the accounting balance, the theoretical approaches given by economists and experts on its solvency, liquidity, and the order of its formation are mentioned. Based on the requirements of the international standards of financial reporting, the procedure for drawing up the balance sheet, its principles and rules, and the methodology of its analysis were discussed, suggestions and recommendations were formulated for improvement based on the international requirements.

Key words: economic analysis, liquidity, solvency, balance sheet, financial statements, assets, capital, liabilities, principles, regulations, international standards.

INTRODUCTION

In our republic, the Ministry of Economy and Finance has begun the process of developing preliminary drafts of new national financial reporting standards (NFRS) in order to harmonize the financial reporting system in our republic with international standards (IFRS, IAS, IFRS for SMEs) and ensure transparent, reliable and comparable financial information for business. As a result, these works are being carried out in accordance with the Resolution of the President of the Republic of Uzbekistan No. PQ-282 dated September 15, 2025 “On measures to improve the financial accounting system in accordance with international requirements and standards”. As a result, it is important to analyze the financial statements (balance sheet) of enterprises in order to obtain the necessary information for potential investors.

LITERARY NAMES RELATED TO THE TOPIC .

The article discusses the concepts of the balance sheet and the methodology for analyzing it in enterprises reporting on their financial position or based on national standards, as well as the opinions of leading economists in our republic and abroad, as well as various definitions and approaches given in regulatory and legal documents.

According to M. Rakhimov: “Balance sheet liquidity is the ability of a business entity to convert assets into cash and pay its payment obligations, or rather, it characterizes the degree to which the enterprise's debt obligations are covered by its assets” [1] .

According to S. Amanova: “the balance sheet is the main reporting form reflecting the financial position of an enterprise, in which assets and their sources (capital and liabilities) are summarized in a systematic manner, and in practice it is also reflected in connection with national standards” [1] .

B. Khashimov expressed the following opinion: “the balance sheet is a system of financial indicators compiled on a certain date of the reporting period, which summarizes economic assets and their sources of formation” [2] .

According to I. Kayumov and M. Yusupova, “the accounting balance sheet is associated with the idea of a continuous reflection of the property, liabilities, and settlement status of an enterprise

on the basis of documents, and the process of compiling a balance sheet is interpreted as one of the final stages of financial accounting” [3].

Karimov AA and others in their scientific works extensively explain the content, structure of the balance sheet and the changes that occur in the balance sheet under the influence of economic transactions (asset/liability composition) in an educational and methodological manner” [4]. Another economist M. Rakhimov in his scientific works approached the balance sheet from the perspective of economic analysis: “he highlighted the fact that the balance sheet (asset/liability composition) is a methodological basis for assessing the short- and long-term financial stability of an enterprise through the issues of balance sheet liquidity and solvency” [5].

We can see that the balance sheet is approached in a general way in the international financial reporting standards. In the international standards, the word balance sheet is widely covered by the name of the statement of financial position and is separately noted as a general set of financial statements. According to the standard: “General purpose financial statements (referred to as “financial statements”) are financial statements that are intended to meet the needs of users who do not have the opportunity to require an entity to prepare statements that meet their specific information needs” [6].

“The balance sheet (French balance, from Latin *lila* “scales” - “having two scales”) is one of the important parts of the accounting report. In accordance with international financial reporting rules, the balance sheet contains information on assets, liabilities and equity” [7].

“A balance sheet is a summary of the value of a company's assets and liabilities. It shows the position of all accounts on a specific date” [8].

According to international practice: “the balance sheet (statement of financial position) shows assets, liabilities and equity at a given date, and also presents information about resources and obligations and helps to estimate the future cash flows of the enterprise” [9]. According to the International Monetary Fund: “the balance sheet emphasizes that the elements directly related to the measurement of financial position are assets, liabilities and equity (based on international statistical and analytical approaches) [10]. According to another international source: the main elements of the “statement of financial position” (assets, liabilities, equity) and their definition and criteria are crucial for understanding financial reporting [11].

“The purpose of the balance sheet is to determine the nature of assets, equity and liabilities and their presentation in the balance sheet. The balance sheet is a component of financial reporting, summarizing and disclosing information about the property and financial position of the entity. The balance sheet must necessarily provide indicators at the beginning and end of the reporting period for the purpose of comparing data. It is also a separate rule that assets and liabilities cannot be “offset” (i.e., “covering” and hiding one with the other)” [12].

R. Dusmurodov defined the balance sheet as a “method” in a classical way, in his opinion: the balance sheet is a method of summarizing the composition, location, movement of assets and changes in their sources of origin and purpose as of a certain date in terms of value. It is emphasized that assets and liabilities should always be equal in the balance sheet, assets are allocated and used, and liabilities are grouped by source of origin [13].

And K. K. Razov: The word “balance” is interpreted not only as “equality”, but also as an important accounting document of state importance in practice. It is noted that in our republic, the balance sheet is a component of financial statements prepared by business entities [14].

I. Ochilov: expresses his thoughts on the role and importance of the balance sheet in the financial reporting system. According to the law, it is clearly stated that the annual financial reporting forms should be presented as “accounting balance sheet - form 1”. The logic that “the balance sheet is drawn up as of a certain date, and the remaining reports are drawn up for the period” is also explained. It is indicated that the financial statement should provide the user with

information about resources (assets), liabilities and changes in them (the balance sheet provides this "state" part) [15].

According to S. Tashnazarov: "The statement of financial position (Balance Sheet) is the main component of financial reporting, a standardized system of information that describes the financial position of the company at the end of the reporting period, that is, the state of its assets, liabilities and equity in terms of their classified components and their changes during the reporting period, and is systematically presented to external and internal information users to assess the company's financial position and make decisions about it." [16].

Another approach taken by foreign sources is to explain the balance sheet in terms of "construction logic": that is, the "Statement of financial position" (balance sheet) and "financial performance" reports are linked through recognition, in which assets, liabilities, and equity elements are evaluated as the "foundation" of financial statements.

RESEARCH METHODOLOGY

During the writing of this article, the theoretical approaches of economists to the analysis of the balance sheet were deeply studied. Also, the methodology of compiling the balance sheet, making entries in it, and the analysis of grouping, comparison, induction, deduction, comparative analysis, dynamic and horizontal analysis of the balance sheet, as well as other methods of accounting and analysis were used.

RESULTS AND DISCUSSION.

Research shows that only when a company's balance sheet is liquid or solvent can it have an advantage over other companies in attracting investments, obtaining loans, and choosing suppliers. Therefore, the higher its stability, the more independent it is from changes in the economy, and in turn, the lower the risk of bankruptcy.

Typically, in practice, the following two important indicators of the liquidity of an enterprise's balance sheet are used:

First, the sum of net current assets;

Second, the current liquidity ratio.

Here, when determining the amount of net current assets, the total amount of current liabilities is deducted from the total amount of current assets in the enterprise. The current liquidity ratio is determined by dividing these indicators by each other.

Table 1

Indicators of corporate balance sheet liquidity¹

T/r	Balance sheet liquidity indicators	Detection procedure
1.	Current liquidity ratio	$K_{CL} = \text{Current Assets} / \text{Current Liabilities}$
2.	Net current assets	$K_{NA} = \text{Current assets} - \text{Current liabilities}$

Research shows that the current regulatory documents do not fully reflect the procedure for determining these indicators and their formal rules for financial reporting forms and their lines. In our opinion, it is advisable to study liquidity and solvency in the following lines when analyzing the balance sheet:

- analysis of assets and balance sheet liquidity;
- evaluating liquidity in ratios;
- liquidity factor analysis;
- analysis of the company's solvency;
- factorial and prospective analysis of solvency

¹ Author's development as a result of research.

These indicators of balance sheet liquidity were calculated based on the financial reporting data of the Andijan Mechanical Plant JSC, which was the object of the study.

Table 2**Balance sheet liquidity of Andijan Mechanical Plant JSC²**

T/r	Balance sheet liquidity indicators	At the beginning of the reporting period	By the end of the reporting period	The difference	
				<i>In percent</i>	<i>in total</i>
<i>As of January 1, 2026</i>					
1.	Current liquidity ratio	1.26	1.09	86.5	-
2.	Net current assets	27847925	29687996	106.4	1840071
<i>As of January 1, 2025</i>					
1.	Current liquidity ratio	1.35	1.26	93.3	-
2.	Net current assets	36984609	27847925	75.3	-9136684
<i>As of January 1, 2024</i>					
1.	Current liquidity ratio	1.48	1.35	91.2	-
2.	Net current assets	49568209	36984609	74.5	-12583600
<i>As of January 1, 2023</i>					
1.	Current liquidity ratio	1.46	1.48	101.3	-
2.	Net current assets	48415597	49568209	102.7	1152612

As can be seen from these data, the current liquidity ratio of the analyzed joint-stock company has been on a downward trend for the past four years. In 2023, this indicator decreased from 1.46 to 1.09 as of January 1, 2026 (74.6 percent). However, the analysis shows that the amount of current assets in the enterprise also increased: in 2023 it amounted to 132,681,958 thousand soums, and in 2026 it amounted to 341,010,497 (+208,328,539 thousand soums or 257.1 percent). When determining the liquidity of the balance sheet, the indicator for current liabilities also increased, for example, in 2023 it was 104834033 and in 2026 it was 311322501 thousand soums (297.0 percent). The level of net current assets at the enterprise also decreased, for example, this indicator decreased from 49568209 thousand soums to 29687996 thousand soums in the last year. The current liquidity ratio also shows a decrease, although it increased in 2023 compared to the reporting period (102.7 percent), in 2026 it decreased to 86.5 percent compared to the beginning of the reporting period. Of course, the decrease in liquidity from 1.48 to 1.09 cannot be assessed as positive, the enterprise is required to develop a plan of appropriate measures in order to further improve these indicators in the future. In this case, it will be necessary to focus on increasing the value of current assets (inventory, work in progress, and cash, and in turn, reducing liabilities).

In traditional analysis, when analyzing balance sheet indicators, assets and liabilities, as well as equity, can be evaluated by dividing them into the following structural groups:

²Author's development as a result of research.

- *daily in motion assets (A1)* in line balance substances according to following lines in total is obtained : $A1 = 320 \text{ line} + 370 \text{ line} + 380 \text{ string}$;

- *quickly to money rotating assets (A2)* in line receivable obligations a ks is given by : $A2 = 210 \text{ line}$.

- *Slow-moving assets (A3)* include inventories, future expenses, and deferred expenses: $A3 = \text{line } 140 + \text{line } 190 + \text{line } 200$;

- *difficulty to money rotating assets (A4)* to the composition far term assets Enter : $A4 = 130 \text{ line}$.

Also, the balance sheet items that are part of the equity and liabilities of the balance sheet are expressed as follows:

- *liabilities due (P1)* $P1 = 601 \text{ line}$ is entered;

- *Short- term liabilities (P2)* include short-term loans, debts, and long-term current liabilities: $P2 = \text{line } 730 + \text{line } 740 + \text{line } + \text{line } 750$;

- *long-term liabilities (P3)* include long-term loans and borrowings: $P3 = 490 \text{ lines}$;

- *permanent liabilities (P4)*, line $P4 = 480$.

As a result, based on the comparison and differentiation of these indicators, the balance sheet liquidity is assessed. The enterprise's balance sheet is considered liquid if the following relationship is met:

$A1 \geq P1$; $A2 \geq P2$; $A3 \geq P3$; $A4 \leq P4$.

According to the variation of these necessary signs:

highly liquid;

medium liquidity;

lower liquidity;

low liquidity is determined. Also, the requirements set for balance sheet liquidity will be as follows:

1. Absolute high liquid balance: $A1 \geq P1$, $A2 \geq P2$, $A3 \geq P3$, $A4 \leq P4$ (high).

2. Liquid balance: $A1 \leq P1$, $A2 \geq P2$, $A3 \geq P3$, $A4 \leq P4$ (medium).

3. Illiquid balance: $A1 \leq P1$, $A2 \leq P2$, $A3 \geq P3$, $A4 \leq P4$ (bottom).

4. Balance in bankruptcy: $A1 \leq P1$, $A2 \leq P2$, $A3 \leq P3$, $A4 \geq P4$ (low).

Table 3

Balance sheet liquidity of Andijan Mechanical Plant JSC as of January 1, 2026³

Indicator	High	Medium	Lower	Low
Absolutely liquid	$A_1 \geq R_1$	$A^2 \geq P^2$	$A3 \geq R3$	$A_4 \leq R_4$
	52681500	154101059	134227938	20025561
	$\geq$ 311322501	≥ 0	≥ 0	$\leq$ 49713557
Likvid	$A_1 \leq R_1$	$A^2 \geq R^2$	$A3 \geq R3$	$A_4 \leq R_4$
	52681500	154101059	134227938	20025561
	$\leq$ 311322501	≥ 0	≥ 0	$\leq$ 49713557
Noliquid	$A_1 \leq R_1$	$A2 \leq R2$	$A_3 \geq R_3$	$A_4 \leq R_4$
	52681500	154101059	134227938	20025561
	$\leq$ 311322501	≤ 0	≥ 0	$\leq$ 49713557

³ Author's development as a result of research.

Bankrotlik	$A_1 \leq R_1$	$A^2 \leq R^2$	$A_3 \leq R_3$	$A_4 \geq R_4$
	52681500	154101059	134227938	20025561
	$\leq$	≤ 0	≤ 0	$\geq$
	311322501			49713557

If we evaluate the balance sheet liquidity of the analyzed JSC "Andijan Mechanical Plant", it corresponds not to the absolute, but to the liquid indicator. That is, the liquidity has the following levels: "high" $52681500 \leq 311322501$, "medium" $154101059 \geq 0$, "low" $134227938 \geq 0$ and "low" $20025561 \leq 49713557$. Therefore, the enterprise is required to strive to ensure the stability of this liquidity level in the future.

When calculating the absolute liquidity (K_{AL}) ratio of the balance sheet of Andijan Mechanical Plant JSC, the following results were obtained:

The following formula was used to calculate this indicator:

$$K_{AL} = A_1 / (R_1 + R_2) \quad (1)$$

When taken by line of the enterprise's balance sheet, this is: $K_{AL} = 320 \text{ lines} + 370 \text{ lines} + 380 \text{ lines} / 601 \text{ lines} + 730 \text{ lines} + 740 \text{ lines} + 750 \text{ lines}$. According to the results of the accounts, the permissible indicator K_{AL} is required to be 0.2 and K_{AL} 0.5.

At the end of the reporting period: $K_{AL} = A_1 / (R_1 + R_2) = 52681500 / (311322501 + 0) = 0.16$

At the beginning of the reporting period: $K_{AL} = A_1 / (R_1 + R_2) = 3809969 / (104834033 + 0) = 0.03$

As can be seen from these data, the absolute liquidity ratio of the enterprise cannot be considered positive as of January 1, 2026. This is because the regulatory requirement for this indicator is around 0.2-0.5, but during the analysis period it was on average 0.11 (0.03 at the beginning of the reporting period and 0.16 at the end of the reporting period). It should be noted that since the enterprise did not receive loans from the bank (long and short-term), an attempt was made to keep this indicator below the norm. If loans had been received from the bank, it would have had a further downward trend.

CONCLUSION.

In general, the company failed to meet the requirements for absolute liquidity. In our opinion, this is due to:

First, the enterprise must attract investments, that is, it is advisable for the enterprise to take measures to attract investments in order to further develop and achieve efficiency in the future;

second, it will be necessary to reduce the debt on obligations with subsidiaries and dependent enterprises, as well as the debt on advances received;

Third, it must be recognized that today there are insufficient regulatory documents for assessing the financial position statement (balance sheet) based on an analysis of its liquidity and solvency.

OF LITERARY NAMES USED .

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