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METHODOLOGICAL APPROACHES TO THE ASSESSMENT OF THE FINANCIAL STATE OF THE ENTERPRISE: ADVANTAGES AND DISADVANTAGES

МЕТОДИЧНІ ПІДХОДИ ДО ОЦІНКИ ФІНАНСОВОГО СТАНУ ПІДПРИЄМСТВА: ПЕРЕВАГИ ТА НЕДОЛІКИ

Анотація. *У статті ґрунтовно розглянуто сучасні методичні підходи до оцінки фінансового стану підприємства та надана характеристика найбільш вживаних з них. Систематизовано основні вітчизняні методики аналізу фінансового стану підприємств. Обґрунтовано переваги те недоліки зарубіжних та вітчизняних методичних підходів до оцінки фінансового стану підприємств; доведено, шо їхня кількість та широта застосування залежать від конкретних цілей, які ставить перед собою компанія та визначаються стратегічними та поточними завданнями розвитку, обумовлені мінливістю бізнес - середовища і ризиками.*

Abstract. *The purpose of the study is a critical review of methodological approaches to assessing the financial condition of enterprises and substantiating on their basis the advantages and disadvantages of modern methods of assessing the financial condition of companies. The article proves that in the conditions of the deterioration of the economic situation in Ukraine as a result of military operations, it is increasingly important not only to establish the effective functioning of economic activities of all business entities, but also to timely detect and assess the signs of crisis phenomena and identify them. The market conditions today have never been so tough and extremely volatile in all respects. All of this leads to high demands on the ability of companies operating in the market to identify risk factors in a timely manner and adapt to new business conditions.*

The article thoroughly examines modern methodological approaches to assessing the financial condition of an enterprise and characterizes the most commonly used ones. The main domestic methods of analyzing the financial condition of enterprises are systematized. The advantages and disadvantages of foreign and domestic methodological approaches to assessing the financial condition of enterprises are substantiated; it is proved that their number and breadth of application depend on the specific goals set by the company and are determined by strategic and current development tasks caused by the variability of the business environment and risks.

The most justified is the use of the rating approach, which consists in determining the riskiness index (class) of the enterprise's financial condition depending on the integral indicator of the financial condition, loss of solvency and probability of bankruptcy. This approach will contribute to: minimize the possibility of manipulating the reporting; standardize the process of classifying the enterprise by the level of bankruptcy risk; take into account changes and trends in the parameters of the financial condition, the specifics of financial indicators depending on the type of activity of the enterprise.

Key words: *financial condition, assessment, criteria, methodological approaches to assessing financial condition, discriminant analysis, one-factor model, two-factor model, commission agents(influences), factors, market environment.*

Ключові слова: *фінансовий стан, оцінка, критерії, методичні підходи щодо оцінки фінансового стану, дискримінантний аналіз, однофакторна модель, двофакторна модель, чинники, фактори, середовище ринку*

Introduction. In the current conditions of the functioning of domestic enterprises, rapid changes in the external and internal environment of their activity, which complicate the forecasting of future trends, there is an objective need to assess the financial condition. The most acute current problems of enterprises are ineffective credit, investment, accounting and dividend policies, the inability to fully satisfy the demands of creditors for financial obligations, the lack of vision of development prospects among many managers and owners of enterprises and, as a result, underestimation of the role of strategic management, which does not allow to achieve a stable financial condition of the enterprise in the long term.

The problem of assessing the financial condition of the enterprise remains relevant at any period of the enterprise's development. On the one hand, this is the result of the company's activities, and on the other hand, it determines the prerequisites for further development of the company. The main purpose of assessing the financial condition of the company is the formation of an information base for making management decisions at all levels of the company's hierarchical system. The results of the assessment are a determination of the company's potential ability to generate cash flows,

profit and create added value; in addition, they help to identify the company's weaknesses or additional opportunities for its operation. The need for such an assessment is primarily due to the fact that sometimes companies are not able to correctly assess their financial position, which may create obstacles for their effective financial and economic activities in the future.

Analysis of recent research and publications. Economists have made a significant contribution to the development of theoretical and methodological foundations for assessing the financial condition of enterprises: Gromova A.E., Mishura V.B., Bilyk M.D., Pavlovska O.V., Sosnovska O.O., Karacharova K.A., Jepparova S.S., Kharchenko V.O., Podderiogin A.M., Yunatskyi M.O., Fucheji V.I., Tereshchenko O.O., Prytulyak N.M. These scientists managed to reveal the essence of the company's financial condition. However, taking into account the current market trends, the methods for assessing the financial condition proposed today need to be improved.

The purpose of the article is to conduct a critical review of methodological approaches to financial condition assessment and to substantiate, on their basis, the advantages and disadvantages of modern methods of financial condition assessment.

Presentation of the main research material. Financial analysis is a tool that allows assessing the current and future state of the enterprise, establishing its short-term or long-term liquidity, solvency, and efficiency through the use of reasonably selected analysis methods.

The purpose of such an analysis is to assess the financial condition of the enterprise, the quality of the enterprise's economic activity; to identify the factors that influenced the result; to predict the future financial condition and, of course, to ensure the possibility of making an informed management decision to improve the financial condition [1, p. 45].

The main tasks of analyzing the financial condition of the enterprise include the following [2, p. 123]:

1) analysis of the efficiency of the use of the company's property, provision of the company with own working capital;

2) analysis of the state and dynamics of financial stability, liquidity and solvency of the enterprise;

3) analysis of the business entity's profitability and assessment its competitiveness;

4) analysis of the company's position (state) in the financial market;

5) search for reserves to increase the company's profitability.

Depending on the purpose of analyzing the financial condition of enterprises, it is necessary to use different types of analysis (Table 1).

Table 1. **Types of financial analysis**

Classification feature	Types
By organizational forms of holding	Internal analysis External analysis
By the scope of the study	Full analysis Thematic analysis

Continuation of Table 1

By timing and goals	Preliminary analysis Current (operational) analysis Predictive analysis
Depending on the object	Analysis of the enterprise Analysis of individual structural units (divisions, departments, etc.) Analysis of individual financial transactions

Source: compiled by the authors according to resource [3, p. 127]

Since the financial condition of the enterprise is a complex and multifaceted concept, it is impossible to assess the financial condition by one indicator, but only with the help of a comprehensive system of indicators that characterize the financial condition of the enterprise in detail (fig. 1).

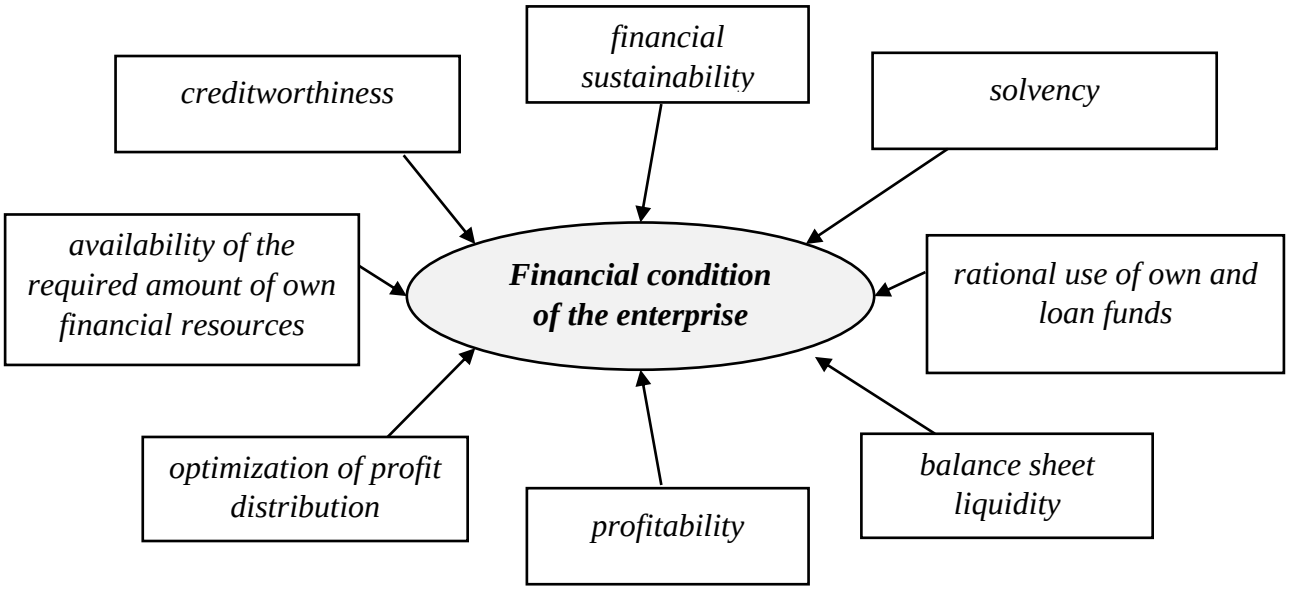

Fig. 1. Criteria used in characterizing the financial condition of the enterprise
Source: compiled by the authors according to resource [4, p. 266].

Therefore, various methods and models are used to analyze the financial condition of the enterprise. At the same time, their number and breadth of application depend on the specific goals set by the company and are determined by its tasks in each individual situation.

Most experts distinguish between formalized and informal methods of financial analysis. It should be noted that economic statistics methods (index, graphical, grouping, average and relative values) and mathematical-statistical methods (factor analysis, dispersion analysis, correlation analysis) are also widely used in the process of financial condition analysis.

In order to identify and structure the relationships between key indicators, financial analysis is carried out using models. There are three main types of models used in financial condition analysis: descriptive, predictive, and normative (fig. 2).

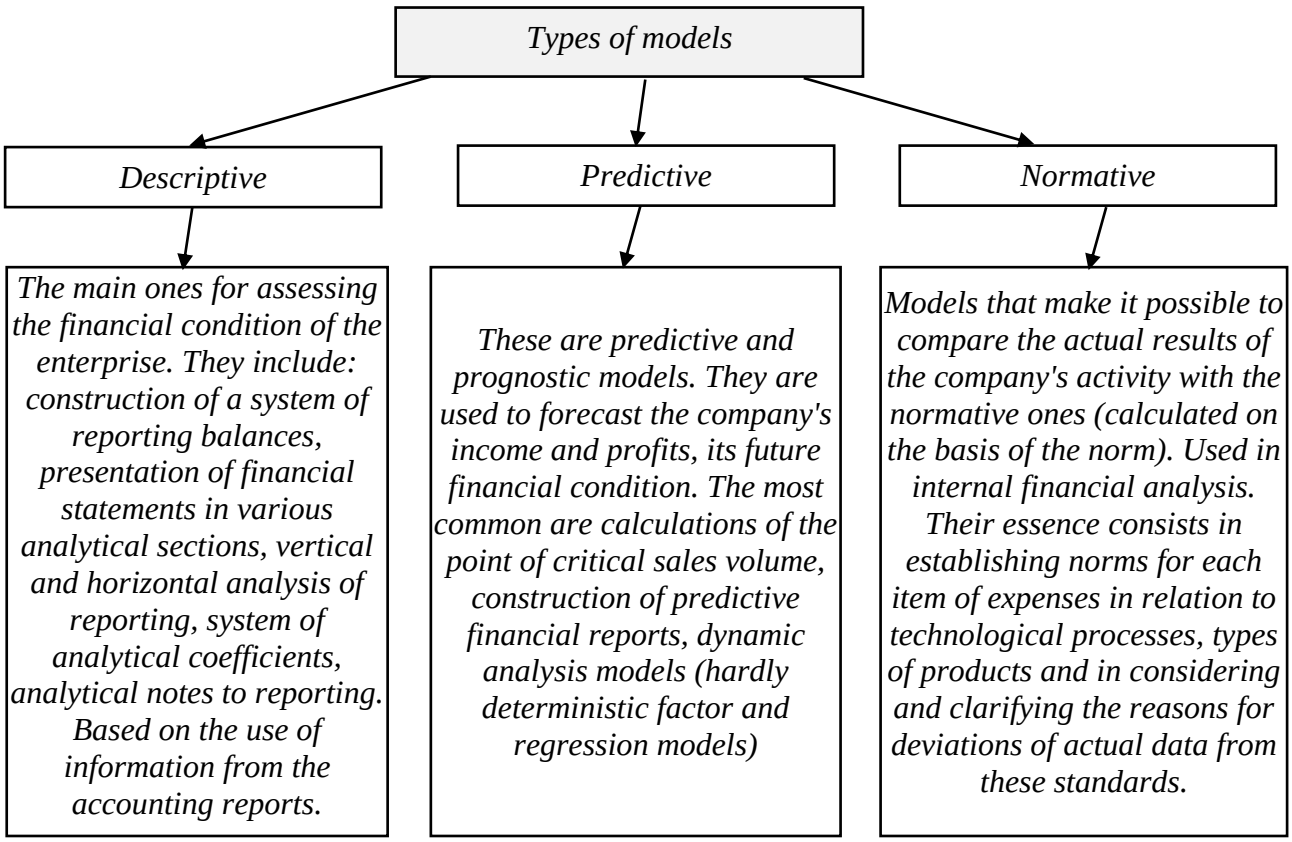

Fig. 2. Types of models used in financial condition analysis

Source: compiled by the authors according to resource [5, c. 129]

Traditional methods of financial condition analysis of the enterprise are given in Table 2.

Table 2. **Traditional methods of financial condition analysis of the enterprise**

Reception of the analysis	The essence of the reception
horizontal (time) analysis	comparison of each reporting item with the previous period
vertical (structural) analysis	determining the structure of indicators to assess the impact of various factors on the final result
trend analysis	based on extrapolation, the prospective value of key indicators is determined, and a prospective analysis of the financial condition is forecasted
analysis of relative indicators (ratios)	calculation of ratios between individual data of the enterprise's balance sheet, the report on financial results and other forms of reporting. These ratios characterize a certain financial condition: analysis of liquidity indicators; business activity; analysis of profitability; analysis of the efficiency of property use, etc.
comparative analysis	comparison with calculated indicators, with average industry indicators and with competitors' indicators
factor analysis	is carried out to determine the impact of individual factors (causes) on the resulting indicator by deterministic (separated in time) or stochastic (not in a certain order) research methods. It is carried out using modeling (deterministic and stochastic)
special analysis	analysis of the relationship between profit - sales volume - price, cash flow analysis, etc.

Source: compiled by the authors according to resource [6, p. 27-28]

One of the most common and used in enterprises among the methods listed above is the analysis of ratios (Table 3).

Table 3**. Groups of indicators for assessing the financial condition of the enterprise**

Indicators	Interpretation
analysis of financial stability	these indicators are used to assess the composition of funding sources and the dynamics of the ratio between them
indicators of liquidity and solvency	indicators of this group allow to describe and analyze the ability of the enterprise to meet its obligations
indicators of assessment of the company's property status	this group of indicators characterizes the state and efficiency of the company's property formation; allows to assess the predictability and consistency of the management policy of fixed assets and other assets of the enterprise
indicators of business activity	this group of coefficients characterizes the efficiency of the use of the company's assets, the consistency of the management policy of production and stocks of finished products, etc
profitability indicators	the indicators of this group are used to compare the profit received with the invested capital, that is, they determine the measure of the efficiency of using the invested funds in the enterprise

Source: compiled by the authors according to resource [7, p. 55]

It should be noted that the indicators for assessing the financial condition of a business entity should be such that, without exception, all stakeholders of the enterprise could receive an answer to the question of how reliable the enterprise is as a financial partner and, on this basis to make decision about the economic expediency of continuing their relations with the enterprise or establishing such relations.

Speaking of factor analysis, two main groups of methods for analyzing the financial condition have become widespread in domestic practice: a single-factor analysis of the financial condition and a scoring system (with the definition of the class to which the enterprise belongs) [8, p. 485].

These groups represent a traditional approach to the analysis of the company's financial condition and have a number of disadvantages. The most significant disadvantages include: unreasonable establishment of normative values of indicators; ignoring industry specifics; failure to take into account the correlation of indicators used for analysis; subjective assignment of the weighting factor of influence of the each indicator on the overall assessment result ; consideration of a limited number of parameters affecting the financial condition; "borrowing" assessment models from foreign experience without adapting them to domestic realities.

The use of the traditional approach did not provide an objective assessment of the company's financial condition and led to the adoption of erroneous management decisions, so there was an objective need to improve the assessment. This is how empirical-inductive indicator systems appeared, which use mathematical and statistical

methods of processing empirical data and expert opinions. The basis of this approach is the definition of an integral indicator of financial condition based on the calculation of a set of indicators (indicators) of financial condition. As a result of the assessment (depending on the value of the integral indicator), we mainly get the classification of enterprises as financially stable or unstable.

Among the foreign methodological approaches, we should mention the Altman model (1968, 1972, 1993, USA), the Weibel analysis system (1973, Switzerland), the Biermann model (1976), the Krause model (1993, Germany), the Beaver scorecard (1966, USA), the Kerling-Poddig financial analysis system (1994, France), and the methodology of discriminant analysis of the German Bundesbank (1999, 2003, 2008 Deutsche Bundesbank) (Table 4).

Table 4**. Overview of the main methodological approaches to financial condition assessment**

Year	Authors	Sample of enterprises	The essence of the approach
1965	Beaver W	2 × 79 (USA)	One-factor analysis. Values reflected in the numerators of financial indicators are characterized by a high level of distribution ability; in the denominators are relatively static indicators.
1968, 72,93	Altman E	2 × 33 (USA)	Multifactor analysis. Industrial enterprises.
1973	Weibel P.	2 × 36 (Switzerland)	One-factor analysis. Cluster analysis. Three groups are distinguished according to the level of risk. The problem of isolated analysis of individual indicators. Industrial enterprises.
1993	Krause C.	2 × 336 (Germany)	Combination of MDA and artificial intelligence method
1994	Kerling/ Poddig	2 × 150 (France)	Combination of MDA with expert analysis methods
1999-2003	Deutsche Bundes Bank	22000 (Germany)	MDA for three groups of enterprises: manufacturing industries; trade; other activities
2004-2009	Tereshchenko O. (Ministry of Finance of Ukraine)	2000 (Ukraine)	MDA for 9 groups of enterprises, classified by type of activity
2008	Bank UBS (Switzerland)	Customer base of borrowers by individual categories	Rating evaluation (discriminant analysis, logistic regression), the UBS rating system is based on a rating scale, which provides for 15 rating classes
2007	Credit Suisse Bank (Switzerland)	Customer base of borrowers by individual categories	Rating evaluation (discriminant analysis, logistic regression), the UBS rating system is based on a rating scale that provides 18 rating classes

Continuation of Table 4

2008	Deutsche Bundes Bank	More than 30,000 (Germany)	MDA for three groups of enterprises: manufacturing industries; trade; other activities

Source: [9, c. 255-256]

Obviously, the most common methodological approach to the analysis of the financial condition is the calculation of the integral indicator based on discriminant analysis (mainly multifactor analysis). The main task of multifactor discriminant analysis in determining the financial condition of the enterprise is to build an optimal discriminant model (which can be used to classify enterprises by the level of their financial condition with high probability). For this purpose, a multifactor discriminant function is constructed.

A multifactor discriminant function is a function that calculates an integral indicator of the financial condition of an enterprise (dependent variable) based on the values of many independent variables, taking into account the weight of each of them. This function can be represented in the following form (1):

$$Z=a_1K_1 + a_2K_2 + a_3K_3 + a_4K_4 + a_5K_5 +_{...}+ a_nK_n +/- a_{0,} \quad (1)$$

where Z is the target calculation value, an integral indicator of the financial condition;

K_1, K_2, K_3, …K_n – coefficients calculated on the basis of the financial statements of the business entity;

a_1, a_2, a_3K_3…a_n – a parameter that characterizes the weight of the coefficient's influence;

a_0 – free term of the discriminant model.

It was E. Altman who introduced the use of multifactor discriminant models. In financial practice, these models were used as early as the 1960s to estimate the probability of bankruptcy of enterprises. Known to all financiers, the Z-score, developed by E. Altman, has two variations - the two-factor and five-factor models.

The two-factor model contains the coefficient of coverage (current liquidity) (X1) and the coefficient of autonomy (X2) and has the following form:

$$Z = -0,3877 – 1,0736\ X_1 + 0,0579\ X_2 \quad (2)$$

The results are interpreted as follows: if Z = 0, the probability of bankruptcy for the enterprise is 50%; if Z < 0, the probability of bankruptcy decreases; if Z > 0, then the probability of bankruptcy is more than 50% and increases as the value of Z increases.

The main advantages of this model are the simplicity of calculations and the small amount of data used. However, the latter causes the biggest disadvantage - the inaccuracy of the result with an error of $\Delta Z = \pm 0,65$.

In order to improve the accuracy of the result, E. Altman improved the model and eventually obtained a five-factor discriminant function (1968),

which looked like this:

$$Z = 1{,}2\ X_1 + 1{,}4\ X_2 + 3{,}3\ X_3 + 0{,}6\ X_4 + 1{,}0\ X_5, \quad (3)$$

where X_1 – share of net current assets; X_2 – return on assets based on net profit; X_3 – return on assets based on the financial result from operating activities before taxation; X_4 – ratio of the market value of corporate rights to liabilities; X_5 – return on assets [10, p. 60].

Interpretation of the results: $Z < 1.81$ – the company has a high probability of bankruptcy; $1.81 < Z > 2.7$ - "foggy area" (it is impossible to draw conclusions; $2.7 < Z > 2.99$ - the company has a low probability of bankruptcy; $Z > 2.99$ - bankruptcy is unlikely.

However, since the model included the market value of corporate rights, it had a limited range of users (only joint-stock companies could use it). In addition, the determination of the influence of the coefficients impact was insufficiently substantiated. Thus, the profitability ratio of the financial result before taxation had an impact weight of 3.3, which is two to three times higher than the impact of other model indicators.

The continuation of the search for a universal model led to the development of another model in 1983, which was suitable for use by unlisted companies. This model looked like this:

$$Z = 0{,}717 \times X_1 + 0{,}847 \times X_2 + 3{,}107 \times X_3 + 0{,}42 \times X_4 + 0{,}995 \times X_5, \quad (4)$$

where X_1 – working capital / total assets; X_2 – retained earnings and reserve capital / total assets; X_3 – pre-tax profit + interest on loan / total assets; X_4 – market value of enterprises, that is, the market value of corporate rights / liabilities; X_5 – net income / total assets.

With the following interpretation of the results: if $Z < 1.23$, the company is declared bankrupt; if $1.23 > Z < 2.89$, the situation is uncertain; if $Z > 2.9$, the company is stable and financially sound [10, p. 60].

A five-factor system for assessing the financial condition of an enterprise and the probability of its bankruptcy was also developed by financial analyst U. Beaver. This model includes such indicators as: return on assets, the share of borrowed funds in liabilities, current ratio liquidity, the share of working capital in assets, and the U. Beaver ratio, which is calculated by the ratio of the sum of the annual net profit of the enterprise and the amount of depreciation to the loan capital. This model does not provide for the calculation of the integral indicator, but only analyzes the values of the ratios in dynamics and in accordance with the normative values.

G. Springate in his model used four, in his opinion, main indicators on the basis of which the model was built (1978):

$$Z = 1{,}03X_1 + 3{,}07X_2 + 0{,}66X_3 + 0{,}4X_4, \quad (5)$$

where X1 – working capital / total assets; X2 – (operating profit + interest payable) / total assets; X3 – operating profit / short-term liabilities; X4 – net sales revenue / total assets.

If $Z < 0.862$, the company is at

risk of bankruptcy; if Z > 2.451, the company is classified as financially reliable.

The four-factor model of R. Taffler and G. Tishaw has the following form:

$$Z = 0{,}53X_1 + 0{,}13X_2 + 0{,}18X_3 + 0{,}16X_4, \quad (6)$$

where X_1 - operating profit / current liabilities; X_2 - current assets / total liabilities; X_3 - current liabilities / balance sheet currency; X_4 - net income / balance sheet currency [46, p. 250-251].

As a result, if Z > 0.3, the company has good long-term prospects, while if Z < 0.2, the company is likely to go bankrupt.

The next famous model is that of Roman Lys:

$$Z = 0.063X_1 + 0.092X_2 + 0.057X_3 + 0.001X_4 \quad (7)$$

where X_1 - current assets/total assets; X_2 - operating profit/total assets; X_3 - retained earnings/total assets; X_4 - equity/liabilities [11, p. 242].

If Z < 0.037, the company has a stable financial position, and if Z > 0.037, it has an unstable financial position

Klaus Biermann's calculation model includes ten coefficients listed in Table 5. If the result is Z > 0.32, this indicates a threat of bankruptcy, if 0.236 < Z < 0.32, the situation is ambiguous, additional analysis is required, if Z < 0.236, the company is not in danger of bankruptcy.

Table 5. **Indicators of the K. Biermann's model and their weight**

Indicator	Weight
X_1 = Borrowed capital / Balance sheet currency	+0,077
X_2 = Net profit / Balance sheet currency	+0,813
X_3 = Net income / Borrowed capital	+0,124
X_4 = Net profit / Net sales revenue	-0,105
X_5 = Cash-Flow / Borrowed capital	-0,063
X_6 = Net sales revenue / Balance sheet currency	+0,061
X_7 = Inventories / Net sales revenue	+0,268
X_8 = Amount of depreciation / Cost of fixed assets at the end of the period	+0,217
X_9 = Entered fixed assets / Amount of depreciation	+0,012
X_{10} = Bank loan debt / Borrowed capital	+0,165

Source: compiled by the authors according to resource [12, p. 243]

It is worth noting that the use of the above-mentioned models for assessing the financial condition of the enterprise in domestic realities is impractical. After all, the normative indicators and weighting coefficients used to calculate the model are not adapted to our business environment and the state of the financial, capital, goods and services markets. And given the fact that these models were based on statistics from the 1950s, they are

currently inapplicable even for Western companies. Given the dynamism of the business environment, these models need to be constantly tested on an updated data set and their accuracy checked.

Also, these models absolutely do not take into account the industry specifics of the companies, their development stage, or the market in which they operate. In addition, all the ratios are calculated on the basis of the balance sheet and income statement, and none of the indicators includes a calculation based on the cash flow statement. Therefore, in order to obtain accurate and reasonable results in the domestic context, these models need to be adapted or new ones developed.

After analyzing foreign models, we will analyze the domestic experience of assessing the financial condition of enterprises based on a multifactor discriminant function. In Ukraine, for the first time at the legislative level, an integrated approach to assessing the financial condition was introduced by the Procedure for Assessing the Beneficiary's Financial Condition and Determining the Type of Collateral for Servicing and Repayment of a Loan Provided by International Financial Institutions, approved by Order of the Ministry of Finance of Ukraine No. 247 of April 1, 2003 [13].

Table 6 systematizes the main domestic methods of analyzing the financial condition of enterprises, their advantages and disadvantages.

Table 6. **Advantages and disadvantages of domestic methods of analyzing the financial condition of enterprises**

Title	Advantages	Disadvantages
1	2	3
Methodology of the APPBPO of 27.06.1997 No. 81 [15] Methodology of the APPBPO of February 23, 1998, No. 22 [16]	In addition to the procedure for assessing the financial condition, it also contains an algorithm for calculating the indicators of production and economic activity of the enterprise	Normative values of indicators are not adapted to the current domestic business environment. Subjectivity of the selection of financial diagnostic indicators; insufficient justification and lack of industry differentiation of normative values of indicators; lack of a multi-level classification of financial stability levels; presentation of calculation formulas based on outdated reporting forms.
Methodological Recommendations of 26.10.2010 No. 1361 [17]	It contains the optimal number of indicators; normative values of most coefficients adapted to Ukrainian realities; the procedure for calculating indicators based on the use of existing reporting forms; the sequence of analysis of production and economic activities of the enterprise.	For several years, the text of the first edition contained an error in the calculation of one of the indicators. Lack of multi-level classification of financial stability levels.

Continuation of Table 6

Regulation No. 49/121 of January 26, 2001 [18]	It contains calculation formulas based on current reporting forms; the optimal number of indicators for assessing the financial condition of the enterprise; and normative values of indicators adapted to modern domestic business conditions.	Subjectivity of the selection of financial diagnostic indicators; insufficient justification and lack of industry differentiation of normative values of indicators; lack of a multi-level classification of financial stability levels; failure to take into account quality criteria and indicators of production and economic activity; limited range of users (for a certain form of ownership).
Methodology No. 170 of February 14, 2006 [19]	It defines the main indicators that characterize, in addition to the financial condition, the production and economic activities of enterprises, and establishes the procedure for their calculation. Executive authorities develop industry-specific indicator standards in accordance with the specifics of their activities.	The fact that the financial plan of state-owned enterprises is also used as a source of information for the analysis makes it impossible for non-state-owned enterprises to use the methodology. Lack of a multi-level classification of financial sustainability levels
O. Tereshchenko model and the Procedure No. 247 of April 1, 2003 developed on its basis [20]	For the first time in Ukraine, the methodology of multifactor discriminant analysis was applied. The financial condition of enterprises in nine types of economic activity was studied, resulting in five levels of financial stability.	Amendments to the UAS after the model was developed and the presentation of formulas for calculating cash flow indicators based on the use of Form 3 in the format in force before 2010 led to the need to update the model. Failure to take into account qualitative criteria and indicators of production and economic activity.
Methodology No. 616 of July 14, 2016 [21]	Use of the methodology of multivariate discriminant analysis; availability of models for calculating the integral indicator separately for large or medium-sized enterprises and separately for small enterprises; presentation of the algorithm for calculating financial ratios based on current financial reporting forms. As a result, there are 9 classes in the context of 9 groups of economic activities.	Subjectivity in the selection of indicators for evaluation and weighting of coefficients

Source: compiled by the authors based on resources [13,15,16,17,18,19,20].

O.O. Tereshchenko was engaged in the development of a model for assessing the financial condition of the enterprise in domestic realities. The methodological principles of using discriminant analysis in conducting financial diagnostics at the enterprise were fundamentally substantiated by the scientist in 2004 in his monograph [14].

Tereshchenko's model exists in two versions. The first model is

universal and consists of 6 indicators (based on data from 850 diversified enterprises), and the second model contains 10 indicators and is differentiated by industry, which makes it more suitable for modern application in the economic business environment of Ukraine, taking into account the main risk factors.

Today, taking into account the state of war in Ukraine and the existing risks, it is advisable to apply the latest approaches to the financial analysis of enterprises. In our opinion, the most justified is the use of the rating approach, which consists in determining the riskiness index (class) of the enterprise's financial condition depending on the integral indicator of financial condition, loss of solvency and probability of bankruptcy. This approach will help: to minimize the possibility of manipulation of reporting; to standardize the process of classifying the enterprise according to the level of bankruptcy risk; to take into account changes and trends in the parameters of financial condition, peculiarities of financial indicators depending on the type of activity of the enterprise.

Conclusions. Among the main disadvantages of modern domestic methods of assessing the financial condition of enterprises are the following:

1) insufficient justification of the normative/critical values of financial indicators, which are used for evaluation and serve as indicators of the presence/absence of financial problems (there is a need to develop normative values of indicators at least by classes of enterprises);

2) subjective determination of the weight and significance of individual evaluation indicators in the calculation of the integral evaluation;

3) the use of valuation methods borrowed from foreign practice that do not properly take into account the specifics of the functioning of finance in various sectors of the economy and are not adapted to the current conditions of the market economy in Ukraine;

4) integrated valuation methods do not take into account the differentiation of enterprises by production and sales volumes, life cycle stage, organizational structure, and other important indicators;

5) most methods use a limited set of individual local indicators, which do not allow to qualitatively assess the state of the enterprise and diagnose signals of problems [21, p. 561].

Therefore, the need to assess the financial condition of any enterprise is undeniable. However, there is currently an urgent need to create a comprehensive assessment methodology, taking into account the above-mentioned shortcomings, which would qualitatively and timely allow to identify potential problems of business entities and implement operational response measures, provided the first signs of insolvency are detected.

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