SOME ASPECTS OF ACCOUNTING AND ECONOMIC ANALYSIS OF FINANCIAL RECOVERY OF ENTERPRISES IN NEW ECONOMIC CONDITIONS

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Annotation. Any company operating in a market economy can face financial difficulties in adverse conditions. This article explores the strategies for financial rehabilitation of businesses.

Keywords: company, finance, financial rehabilitation, accounting, investment projects.

A study of the work of economists has revealed a lack of a clear definition of financial recovery within the context of crisis management. Financial recovery is often described as the process of implementing measures to restore a company's financial stability. However, economists tend to focus on individual measures rather than considering them in relation to each other or as part of a larger system.

At the same time, the financial crisis, as an indicator of imbalances in the financial system, is a consequence of the “synergistic” impact of various types of crises on businesses. Therefore, a piecemeal approach to financial recovery that focuses only on financial management has been one of the factors contributing to the failure of recovery efforts for crisis-stricken businesses.

The analysis of the definitions of financial recovery in this paper has allowed us to conclude that the main limitation of these definitions is that they focus solely on restoring solvency. We believe that restoring solvency should only be seen as a goal for the initial stage of a company's recovery, as it can help prevent a bankruptcy from occurring. However, financial recovery also involves creating conditions for long-term stability and financial sustainability for a business. This is achieved through the efficient use of assets and full realization of a company's potential.

An analysis of the scientific literature reviewed in this study has revealed that the issue of assessing the viability of financial rehabilitation for an enterprise has not been thoroughly explored. Current approaches to assessing a company's viability are based on indicators of its financial standing, which have been criticised for various reasons. For example, any unforeseen or deliberate manipulation of accounting information can lead to erroneous analytical results, which in turn can pose a threat to a company's financial stability. This practice is common in cases of deliberate or fabricated bankruptcies, which allow potentially profitable companies to be acquired at a low cost.

Today, preventing the insolvency of enterprises is an urgent problem, and it is necessary not only to find new effective ways of financial rehabilitation of enterprises, but also to study the causes of insolvency and the symptoms and mechanisms of insolvency in comparison with the known theoretical knowledge and practical situations. The circumstances described above served as the basis for choosing this topic as research.

The stability of the enterprise in the market depends on effective management decisions made on the basis of information about the financial status of the organization and the efficiency of economic security in the enterprise. The quality and timely provision of this information allows not only to find a solution to financial problems, but also to identify crisis situations in advance. Estimating the probability of bankruptcy with the help of various methodological approaches makes it possible to pre-estimate the probability of bankruptcy of an enterprise and reduce the number of court appeals. In this regard, this problem is interesting, necessary and relevant. Currently, international and local methods of predicting the probability of a financial crisis are widely available, and Western methods are the most widely used.

Additionally, this approach overlooks the company's internal resources, which may become available in the near future. This can also make it easier to sell a company's assets for a liquidation value that is typically lower than their actual worth.

We believe that the key factor in determining the viability of a financial recovery is whether there are unexplored opportunities for the company to continue profitable operations. Therefore, when assessing the feasibility of a financial turnaround, it is important to consider the concept of enterprise potential. Our analysis of various types of potential has shown that financial potential is closely related to the value of a company's financial performance indicators.

In line with the above-mentioned provisions, this paper proposes the following definition of financial recovery: Financial recovery is the process of developing and implementing a comprehensive strategy for managing a company's crisis, aimed at restoring its solvency in the current period and optimizing the use of its financial resources in the long term.

An analysis of the scientific literature reveals a lack of a unified definition for the term "financial potential". Most definitions focus on a company's financial assets, which describes its current financial situation, but the term "potential" refers to the overall ability and capacity of an economic entity to achieve desired results.

The author suggests that the financial potential of a company should be defined as the maximum value of its assets when utilized in the most efficient and effective way. This definition includes not only current financial resources, but also the potential for future growth and development.

The methods of assessing a company's financial potential discussed in this paper are based on expert evaluation of certain indicators using a point system. The total score obtained from these indicators determines the level of financial potential for the company. However, indicators such as financial stability, solvency, and profitability are not used in this approach, as they do not accurately reflect the potential capabilities or value of a company's assets. Instead, these indicators only provide information about the financial situation of a company at a specific point in time. We believe that the true value of a company is a more accurate measure of its financial potential.

The paper argues that in order to evaluate the financial potential of a company, it is essential to use its market value, which reflects its ability to generate the maximum amount of financial results based on the best and most efficient use of resources.

Additionally, it emphasizes the importance of calculating this market value precisely, taking into account the principle of best and efficient use.

The current methods for assessing the feasibility of financial rehabilitation for a business aim to predict the likelihood of restoring its ability to pay. Based on the criteria proposed in this paper, financial recovery should only be considered for a company if the crisis was caused by management mistakes and the company has not reached its full potential, as reflected in the presence of unused financial resources.

During the evaluation process of financial rehabilitation feasibility, it is crucial to demonstrate that the costs of rehabilitating a struggling company (the contribution amount) do not exceed the value of its untapped financial potential (the return on investment from financial rehabilitation).

Considering the financial potential of a company, which is the highest possible value of its assets, and assuming their optimal and most efficient utilization, it is crucial to use the cash flow discounting method to determine this value. This method of valuing financial potential allows us to quantify a company's ability to achieve optimal financial results.

The extent to which a company's financial capabilities are being utilized should be considered when evaluating the feasibility of rehabilitating the company. This can be measured by its current value and the anticipated financial outcome if no efforts are made to improve its financial health.

This approach aligns with the principle of assessing the value of a company as a functioning entity, which represents the worth of a well-established business based on its ability to generate earnings.

However, this method of assessing a company's current value can only be used in situations where the company is making a profit. If the company is losing money, it is necessary to use hybrid valuation techniques that combine aspects of both profitable and loss-making approaches to business valuation, such as the Black-Scholes model.

The contribution size is calculated based on the costs incurred in implementing tactical and strategic measures outlined in the company's financial recovery plan, which should prioritize efficient use of existing assets.

However, when a company is going through a period of financial recovery, it may need to undertake investment projects in order to grow. In such cases, it is important to separate the expenses associated with these projects from the cash flow they generate, as implementing new investments adds "extra" value to the company and enhances its financial capabilities.

The use of the proposed criteria and methodology for assessing the feasibility of financial rehabilitation helps to formalize, to a large extent, the process of making decisions about the attractiveness of investing in the recovery of a financially troubled company. This developed methodology can be applied in bankruptcy proceedings for companies in debt, for example, when deciding whether to pursue rehabilitation or liquidation procedures to prevent or complicate intentional bankruptcies by businesses.

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