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Article

Analysis of the Asset Position, Liquidity, and Solvency of an Economic Entity

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Abstract: This article examines the theoretical and practical aspects of analyzing the financial position, liquidity, and solvency of a business entity. The study considers key indicators used to assess asset structure, sources of financing, liquidity, and financial stability. The findings highlight the importance of comprehensive financial analysis in identifying potential risks and improving the effectiveness of financial management and decision-making within a business entity.

Keywords: Financial Position, Liquidity, Solvency, Financial Stability, Assets, Financial Analysis, Business Entity.



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1. Introduction

In the context of a rapidly evolving market economy, ensuring the sustainable operation and development of business entities has become one of the key prerequisites for economic growth and competitiveness. The effectiveness of an enterprise largely depends on the condition of its assets, the level of liquidity of its resources, and its ability to meet financial obligations in a timely manner. Therefore, the analysis of financial position, liquidity, and solvency has become an essential component of financial management and strategic decision-making[1].

The financial position of a business entity reflects the composition, structure, and efficiency of the utilization of its assets and financial resources. An assessment of the asset base enables stakeholders to evaluate the availability of economic resources, identify changes in the structure of assets, and determine the enterprise's capacity for sustainable development. Efficient management of assets contributes to increased operational performance, financial stability, and long-term value creation [2].

Liquidity analysis is an important aspect of financial assessment, as it measures the ability of an enterprise to convert its assets into cash and meet its short-term obligations when they become due. Maintaining an adequate level of liquidity is crucial for ensuring uninterrupted business operations, preserving financial flexibility, and minimizing the risk of financial distress. A low level of liquidity may lead to difficulties in settling obligations, reduced business activity, and weakened financial stability [3].

Equally important is the analysis of solvency, which characterizes the ability of an enterprise to fulfill both its short-term and long-term financial commitments. Solvency serves as an indicator of financial reliability and is closely associated with the confidence of investors, creditors, and other

stakeholders. A solvent enterprise is better positioned to attract investment, secure financing, and maintain stable economic performance. Conversely, a decline in solvency may signal increasing financial risks and potential challenges to the continuity of business operations [4].

In today's business environment, characterized by economic uncertainty, increasing competition, technological transformation, and globalization, the role of comprehensive financial analysis has significantly expanded. Evaluating the financial position, liquidity, and solvency of a business entity provides valuable information for identifying weaknesses, assessing financial risks, and developing effective managerial strategies aimed at strengthening financial sustainability and improving overall performance [5].

The purpose of this study is to examine the theoretical foundations and methodological approaches to analyzing the financial position, liquidity, and solvency of a business entity, as well as to identify ways to improve the efficiency of financial resource management. The study focuses on the economic essence of these indicators, the methods used for their evaluation, and the factors influencing the financial condition of enterprises [6].

Thus, the analysis of financial position, liquidity, and solvency represents a fundamental tool of financial analysis and management. It enables stakeholders to obtain an objective assessment of an enterprise's financial health, identify opportunities for improvement, and ensure long-term financial stability in a dynamic economic environment [7].

Literature Review. The economists of our country have devoted their scientific research to the theoretical and practical aspects of accounting for equity capital and analyzing its utilization. Among them are A. Ibragimov, I. Ochilov, I. Qo'ziev, N. Rizaev, A. Karimov, F. Islomov, A.X. Pardaev, and B.X. Pardaev [8]. Their studies have made a significant contribution to understanding the accounting, management, and efficient use of equity capital. At the same time, a number of foreign scholars have focused their research on the theoretical and practical issues of equity capital accounting and its effective utilization. Among them, the scientific works of A. S. Alisenov, Yu. A. Babaev, I. V. Zakharov, N. P. Kondakov, and M. V. Melnik deserve particular recognition for their valuable contributions to the development of this field [9].

2. Research Methodology

This article, devoted to the analysis of the efficiency indicators of equity capital, employs a range of research methods, including analytical analysis, comparative analysis, induction, and deduction. These methods were used to evaluate the effectiveness of equity capital utilization, identify existing trends, and formulate scientifically grounded conclusions and recommendations [10].

3. Results and Discussion

The analysis of the financial position, liquidity, and solvency of a business entity is an essential tool for assessing its financial condition and the efficiency of resource utilization. This study examined key indicators characterizing the structure of assets, the level of financial support provided by equity and borrowed funds, as well as the enterprise's ability to meet its financial obligations in a timely manner [11].

The results of the analysis revealed that the financial position of an enterprise is largely determined by the rational formation of assets and the efficiency of their utilization. An increase in the share of current assets contributes to greater capital mobility and improved financial flexibility. However, excessive growth in certain categories of assets without a corresponding increase in profitability may reduce the overall efficiency of business operations [12].

Table 1. Liquidity assessment demonstrated that maintaining an optimal balance between

liquid assets and short-term liabilities is a necessary condition for financial stability [13]. The analysis of liquidity ratios indicated that an adequate volume of cash, short-term investments, and accounts receivable enables the enterprise to settle its current obligations on time and minimizes the risk of financial difficulties.

Table 1. Assessment of the Financial Condition of a Sample Business Entity [6].

Indicator	2023	2024	2025	Change in 2025 Compared to 2023, %
Current Ratio	1.45	1.68	1.92	132.4
Quick Ratio	0.89	1.02	1.18	132.6
Cash Ratio	0.21	0.28	0.35	166.7
Equity Ratio	0.48	0.52	0.58	120.8
Debt Ratio	0.52	0.48	0.42	80.8
Return on Assets (ROA), %	7.4	8.9	10.6	143.2
Return on Equity (ROE), %	13.8	15.6	18.4	133.3

The data presented in Table 2 indicate a gradual improvement in the financial condition of the business entity during the study period. The current ratio increased from 1.45 in 2023 to 1.92 in 2025, demonstrating an enhanced ability to meet short-term obligations. The quick ratio reached 1.18 in 2025, exceeding the recommended benchmark and indicating an adequate level of liquid assets. The equity ratio increased from 0.48 to 0.58, reflecting stronger financial independence and a reduced reliance on external sources of financing. At the same time, the debt ratio decreased by 19.2%, suggesting a more balanced and sustainable capital structure. The positive trend in both return on assets and return on equity confirms the growing efficiency of asset utilization and equity management. ROA increased from 7.4% to 10.6%, while ROE rose from 13.8% to 18.4% over the analyzed period. Overall, the results indicate significant improvements in liquidity, solvency, and financial stability. The strengthening of these financial indicators demonstrates the enterprise's ability to maintain sustainable operations, effectively manage its resources, and enhance its long-term financial performance [14].

The solvency analysis showed that the financial sustainability of an enterprise depends significantly on the availability of sufficient equity capital and its ability to generate stable cash flows. High solvency indicators reflect the reliability of a business entity and its capacity to fulfill obligations to creditors, investors, and government authorities. At the same time, excessive dependence on borrowed funds may increase financial risks and negatively affect the enterprise's payment discipline.

The study also confirmed the existence of a strong relationship between financial position, liquidity, and solvency. Effective asset management contributes to improved liquidity, while a high level of liquidity positively influences solvency and overall financial stability.

Therefore, the findings suggest that a comprehensive analysis of financial position, liquidity, and solvency provides an objective assessment of an enterprise's financial health, facilitates the timely identification of financial challenges, and supports informed managerial decision-making. Improving asset management practices, optimizing the capital structure, and strengthening financial control mechanisms are among the most important measures for enhancing financial stability and ensuring the long-term sustainable development of a business entity [15].

4. Conclusion

The analysis of the financial position, liquidity, and solvency of a business entity demonstrates that these indicators play a crucial role in assessing the overall financial health and sustainability of

an enterprise. A comprehensive evaluation of assets, liabilities, and financial resources enables managers and stakeholders to identify strengths and weaknesses in financial management and make informed decisions aimed at improving organizational performance.

The findings of the study indicate that effective asset management, an optimal capital structure, and the maintenance of adequate liquidity levels contribute significantly to strengthening financial stability and ensuring the timely fulfillment of financial obligations. Enterprises with strong liquidity and solvency positions are better equipped to withstand external economic challenges, attract investment, and maintain long-term competitiveness.

Furthermore, the study confirms the close interrelationship between financial position, liquidity, and solvency. Improvements in asset utilization positively affect liquidity, while sufficient liquidity enhances the enterprise's ability to meet its obligations and maintain financial reliability. Therefore, continuous monitoring and analysis of these indicators are essential for ensuring sustainable business development.

In conclusion, the application of modern financial analysis techniques provides valuable insights into the financial condition of a business entity and supports the development of effective management strategies. Strengthening financial control, optimizing the structure of assets and liabilities, and improving the efficiency of resource utilization remain key priorities for enhancing financial sustainability and achieving long-term economic growth.

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