

# **TOOLS FOR ANALYZING FINANCIAL REPORTING INDICATORS OF BYD COMPANY LIMITED**

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Financial statements is a structured presentation of the financial performance, position and cash flows of an entity. The purpose of financial statements, its significance and value is to facilitate the possibility of multicriteria evaluation of the effectiveness of the performance of companies [1].

Financial statement indicators serve as essential tools for assessing a company's financial health, operational efficiency, and overall performance. These indicators provide a quantitative basis for making informed business decisions and crafting strategies for improvement.

According to the various methodical apparatus for diagnosing the indicators of the financial reporting of the enterprise, it is important to evaluate its effectiveness, relevance and efficiency on an ongoing basis for the possibility of implementing a set of measures for its improvement [2].

The study is devoted to examining modern tools for analyzing financial reporting indicators and diagnostic methods, using BYD Company Limited as an example – one of the largest players in the electric car market.

BYD's business covers electric vehicles, battery production, and energy storage systems. Each of these areas has unique financial characteristics that bring both opportunities and challenges. To fully understand and utilize these opportunities, BYD needs a focused financial analysis for each segment. For example, the electric vehicle business should analyze production costs, revenue growth by model, and changes in market share. The battery production segment should focus on efficiency, material costs, and product yields. For energy storage, profitability over time can be evaluated using metrics like return on capital employed. This segmented approach helps BYD understand how each business contributes to its overall financial performance.

At the same time, BYD must consider how these segments interact. For instance, battery production costs directly affect the profitability of electric vehicles. A clear diagnostic framework ensures that decisions take into account the overall impact on the company. Real-time financial dashboards that combine data from all segments can provide insights into key metrics like EBITDA margins, cash flow, and capital expenditure. These tools help management identify inefficiencies and take action quickly, maintaining BYD's competitive edge.

As a capital-intensive company, BYD needs to optimize its leverage and liquidity. The balance of debt and equity in its capital structure is crucial for stability and growth. Debt financing allows BYD to innovate and expand, but it also increases financial risk, especially in unstable markets. Regular reviews of the debt-to-equity ratio can guide adjustments, such as issuing green bonds to increase equity. Green bonds not only offer new funding options but also attract environmentally conscious investors. Managing liquidity is equally important. Predictive tools powered by AI can help forecast cash flow and prepare for changes. BYD can also improve its cash conversion cycle by negotiating better terms with suppliers and maintaining efficient inventory levels.

Green financing strategies provide additional benefits. Issuing bonds tied to carbon reduction goals can enhance BYD's environmental reputation while securing cost-effective funding. Planning for potential market challenges is also vital. Stress tests simulating raw material shortages or rising interest rates allow BYD to develop

contingency plans. For instance, predicting how changes in lithium prices might affect battery costs can help BYD stay prepared for disruptions.

To remain competitive, BYD must adopt the advanced financial diagnostic tools. Predictive analytics can help anticipate supply chain risks, particularly for materials like lithium and cobalt. Early identification of potential issues allows BYD to adjust production plans and find alternative suppliers. Scenario-based diagnostics can also show how external changes, such as reduced subsidies or increased competition, may affect BYD's finances. These tools also improve cash flow management by highlighting seasonal trends and market shifts.

Technology plays a critical role in improving BYD's financial systems. Centralized data platforms simplify reporting by consolidating information across all segments. AI-powered tools can detect irregularities in transactions and spending, reducing the risk of fraud. Real-time monitoring dashboards provide instant access to critical financial metrics, enabling quicker decision-making. This ensures that BYD can adapt to changing market conditions more effectively.

Managing financial risks is essential for BYD's long-term success. The company operates in a complex environment with fluctuating exchange rates, raw material prices, and regulations. Currency risks can be reduced by using hedging tools like forward contracts and swaps. Diversifying suppliers and setting fixed prices for materials like lithium can stabilize production costs. Interest rate risks are another challenge, given BYD's reliance on debt financing. Exploring alternative funding options, such as green bonds or equity financing, can help reduce exposure to rising borrowing costs. Maintaining an optimal balance of debt and equity ensures financial stability even in unpredictable conditions.

Transparent financial reporting is also key to building trust with stakeholders. Blockchain technology can provide a secure and unchangeable record of financial transactions. This is especially useful in BYD's global supply chain, where accurate tracking of costs and payments is essential. AI-powered systems can improve financial accuracy by identifying patterns and anomalies across revenue streams. Including sustainability metrics, such as carbon emissions and energy efficiency, in financial

reports also strengthens BYD's market position. These reports show BYD's commitment to environmental, social, and governance (ESG) principles, attracting responsible investors.

**Conclusions.** By implementing these strategies, BYD can navigate challenges and seize growth opportunities. A combination of advanced diagnostics, effective risk management, and innovative reporting ensures that BYD remains a leader in the competitive and rapidly changing global market.

#### **List of References:**

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