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OVERVIEW OF THEORETICAL APPROACHES TO FINANCIAL ANALYSIS METHODOLOGIES

In management theory, financial analysis occupies a distinct position. At the current stage of economic science development, a substantial number of diverse approaches to assessing financial condition have been developed, encompassing both quantitative and qualitative methods that can be adapted based on the specifics of an organization and the objectives of the analysis. These methodologies include calculating numerous financial ratios, conducting comparative analysis against industry benchmarks, and employing bankruptcy probability models. A critical element of such methodologies is their ability to account for the dynamics of financial indicators and their interrelationships, which enables objective conclusions about a company's current and future financial position.

The key methodologies for analyzing a company's financial condition can be broadly categorized into transformational, general qualitative, ratio-based, integral, comparative, and factor analysis methods.

- Transformational methodologies are applied at the pre-analytical stage of financial assessment, aiming to establish a reliable financial data foundation and prepare it for subsequent evaluation procedures. These methods assess the accuracy of financial reporting, the alignment of monetary valuations of assets and liabilities with their actual market values, and the qualitative aspects of the company's intangible assets.

- General qualitative analysis focuses on examining the structure and dynamics of financial statement items in relation to the optimal industry structure of assets and their financing sources.

- Ratio analysis traditionally plays a central role in analytical procedures for evaluating a company's financial condition.

- Integral models of financial condition assessment are based on calculating

a limited number of financial indicators, which are then consolidated into a comprehensive evaluation. These models help mitigate issues that arise when interpreting individual financial ratios.

Comparative methodologies encompass various types of analysis, including:

- Horizontal analysis, which examines changes in financial statement indicators over different periods to identify trends and dynamics.
- Vertical analysis, which focuses on the structure of financial statements, assessing the proportion of each item within the total, thereby revealing changes in financial composition.
- Trend analysis, which identifies long-term changes for forecasting future outcomes.
- Relative indicator (ratio) analysis, which measures efficiency, liquidity, profitability, and other financial aspects, providing a comprehensive view of the company's financial condition.
- Comparative (cross-sectional) analysis, which benchmarks the company's financial metrics against competitors or industry standards to evaluate its market position.

Factor analysis examines the influence of various factors on changes in key indicators, helping to identify the root causes of financial issues and potential solutions. It is a systematic and comprehensive method for studying and measuring the impact of different factors on financial performance. Factor analysis is classified into several types: deterministic and stochastic, direct and reverse, single-stage and multi-stage, static and dynamic, as well as retrospective and prospective.

- Deterministic factor analysis investigates the impact of factors where the relationship with the resulting indicator is functional—meaning the financial metric is expressed as a product, quotient, or algebraic sum of factors.
- Stochastic factor analysis explores relationships in which the connection with the resulting indicator is probabilistic rather than functional (i.e., correlationbased). In stochastic relationships, changes in an independent variable may yield different variations in the dependent variable depending on the influence of other factors.

Thus, it can be concluded that for a comprehensive assessment of a company's financial condition in the context of managing high-risk innovation and investment projects, relying on a single methodology is insufficient. Instead, a combination of complementary approaches is required—from basic data reliability assessment to sophisticated integral models. The extensive range of methodologies and approaches allows analysts to tailor an optimal set of tools based on the objectives of the analysis and the company's characteristics, facilitating a holistic view of financial health and identifying potential reserves for improvement.

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