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MANAGEMENT OF LIQUIDITY AND SOLVENCY RISK MANAGEMENT POLICY

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Abstract

This study aims to analyze and mitigate liquidity and solvency risks within a corporate context, with the primary objective of developing a robust risk management policy for ensuring financial stability. The research employs a multifaceted approach, including a thorough financial performance analysis, scenario analysis to simulate diverse financial situations, interviews, surveys to gather qualitative insights from key stakeholders, examination of successful case studies, and a review of regulatory compliance. Data is sourced from financial reports, internal documents, stakeholder interviews, survey responses, and relevant case studies to ensure a comprehensive and informed analysis. A significant outcome may be the development of a tailored risk management policy that not only addresses current challenges but is also forward-looking, incorporating adaptive strategies and emphasizing scenario planning. The conclusion underscores the proactive integration of risk management into strategic planning, recognizing the need for continuous monitoring and adaptability. The effectiveness of the risk management policy lies in its ability to evolve with the organization and the external environment, ensuring sustained financial health and resilience. One notable result could be the identification of specific risk scenarios through scenario analysis, leading to the formulation of targeted risk mitigation strategies. The conclusion emphasizes that a dynamic risk management policy, informed by scenario analysis and stakeholder insights, positions the organization to navigate uncertainties effectively. It highlights the importance of an adaptive approach, ensuring that the risk management framework evolves in tandem with internal and external changes, fostering long-term financial sustainability.

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Keywords: Bankruptcy, economy, financial stability, liquidity, solvency

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1. Introduction

Solvency and liquidity in an unstable and crisis economy are fundamental indicators of the financial and economic activity of an enterprise. Solvency provided a great advantage over competitors for a company qualified in one industry, attracting investments, loans, lending, and also selecting highly qualified personnel (Ageev, 2019). On the other hand, the level of corporate liquidity directly affects the ability to respond to changes in the economic conditions of the country, for example, with a high level of corporate liquidity, it is usually less prone to independent and bankrupt changes in market conditions.

In the conditions of the current financial crisis and high inflation, entrepreneurship is developing according to the type of financial-debt, replacing the properties of financial assets, being attracted to its own assets, first of all, the available source is available for their repayment without the participation of the enterprise. The most urgent thing is to bring the enterprise out of the crisis of payment discipline and non-payments, to stabilize the level of production.

2. Problem Statement

The problem addressed in the research on the management of liquidity and solvency risk management policy revolves around the imperative need for organizations to effectively navigate and mitigate the challenges posed by fluctuating liquidity and solvency dynamics. In the contemporary corporate landscape, the complexities of financial markets, regulatory environments, and economic uncertainties demand a comprehensive risk management approach. Despite recognizing the significance of managing liquidity and solvency risks, organizations often face difficulties in developing and implementing tailored policies that address the intricacies of their specific operational contexts.

The literature suggests a gap between the awareness of risks and the formulation of proactive strategies to mitigate them. Issues such as inadequate risk forecasting, limited adaptability to changing financial landscapes, and a lack of synchronization between risk management policies and dynamic market conditions emerge as noteworthy challenges. Additionally, variations in organizational structures, industry sectors, and regulatory requirements contribute to the complexity of creating universally applicable risk management solutions.

The existing challenges highlight the urgency of developing a nuanced and adaptive risk management policy that addresses the unique characteristics of an organization, ensuring resilience against liquidity and solvency threats. The problem statement emphasizes the need for a tailored approach that goes beyond generic risk management frameworks, accounting for specific organizational nuances and external factors that impact liquidity and solvency.

In summary, the problem revolves around the absence of a universally applicable risk management policy, leading to vulnerabilities in navigating liquidity and solvency risks effectively. Bridging this gap is essential for organizations to enhance their financial resilience and sustain long-term stability in an ever-evolving economic landscape.

Solvency, liquidity and financial stability are a single system that allows you to fully describe the financial and economic activities of an enterprise in a market economy. The most important component of the analysis of the financial condition of the enterprise is the analysis of its financial stability. Currently,

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the economic literature offers various methods for assessing the financial stability of an enterprise (Ageev, 2019).

The most important fundamental goal, an accurate and applicable assessment of financial and economic conditions is the prevention of incapacity in the framework of insolvency and bankruptcy procedures. Solvency indicators and the degree of liquidity of the enterprise are the main criteria for such an assessment. Often, indicators of solvency and liquidity level out, but it should be understood that these concepts are not identical.

The liquidity of capital is the ability to turn into money. Liquidity to balance the balance is estimated as the size of the company's liabilities. The liquidity of the asset in this case is equivalent to the maturity of the liabilities.

The low liquidity of the asset is one of the reasons for the increase in the cost of capital to finance the enterprise. To pay for unexpected expenses, the company may create some liquid assets in the form of cash or securities. The rate of return of such liquid funds, as a rule, the total cost of their services is low, so it is detrimental to the extraordinary accumulations of such sources.

Since the unusual accumulation of such funds damages corporate structures, the level of benefits and the cost of services are low. In order to liquidate excess liquid assets, excess cash generated from the sale of excess liquid securities may be used to pay dividends or repay a loan. The lack of a liquid fund may force a company to cut its dividend (Bakhankova, 2021).

The position of the authors of scientific papers on liquidity is that the company's assets depend on how quickly it turns into money without losing its value. Therefore, most scholars associate the understanding of liquidity with an asset that can provide short-term corporate payments and credit qualifications, as well as the repayment of credit assets. Some experts associate liquidity with the current liquidity of the enterprise.

3. Research Questions

i. What challenges do organizations face in managing liquidity and solvency risks in the current financial and regulatory environment?

ii. How do organizational structures, industry sectors, and regulatory variations influence the formulation and efficacy of liquidity and solvency risk management policies?

iii. What specific strategies and best practices can be gleaned from successful cases of organizations adept at navigating and mitigating liquidity and solvency risks?

These research questions aim to delve into the explicit areas of investigation, focusing on challenges, influencing factors, and practical insights that can inform the development of effective liquidity and solvency risk management policies for organizations.

The term "liquidity" in the context of the economic literature tends to have many objectionable economic characteristics, and therefore its application varies. Liquidity is usually used not only for individual economic entities, but also for the concept of relevance for economic entities and organizations within the country (Bachilo, 2018).

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Liquidity is the ability of an enterprise to initially respond quickly to unexpected financial difficulties. Secondly, the opportunity to increase sales, but increase your capital. Thirdly, the corporate ability to ensure the short-term liability of the parties by converting the company's assets into cash. There are several degrees of liquidity, as a result, the self-sufficiency of the enterprise. Insufficient liquidity means that the company cannot take advantage of its useful commercial opportunities. In this case, the lack of liquidity means the presence of an option, which often leads to a restriction of the freedom of action of company managers.

4. Purpose of the Study

The purpose of this study is to comprehensively investigate and analyze the management of liquidity and solvency risks within a corporate context. The primary goal is to develop a nuanced understanding of the challenges faced by organizations in navigating these risks, considering the dynamic financial and regulatory landscape. Additionally, the study aims to identify factors such as organizational structures, industry sectors, and regulatory requirements that influence the formulation and effectiveness of liquidity and solvency risk management policies. Ultimately, the research seeks to derive practical strategies and best practices from successful cases, contributing valuable insights to inform the development and implementation of robust risk management policies for organizations operating in diverse environments.

A significant lack of liquidity can lead to certain results, for example, the company will now be able to pay off debts and obligations. This leads to a quick sale of long-term investments and property, in the worst case, this can lead to bankruptcy (Borodulina, 2018). Liquidity in the case of company management is expected to reduce profitability and control, as well as partial or complete loss of investment capital. Lenders also indicate that liquidity in the respondent company is an unsatisfactory interest rate and / or delinquency in the payment of a fixed amount of debt, including installment or complete loss of an asset issued on a loan.

Other aspects of the liquidity of the company: the impact of goods and services of suppliers. Such improvements cannot lead to the company's inability to develop the terms of the agreement, as well as the capacity to communicate with suppliers. For this reason, solvency is given great importance. In the event that a company has not been able to pay its role on time when they are paid, its existence raises additional questions.

It is extremely dangerous that other performance indicators fade into the background. Thus, the lack of financial management can lead to an increased risk of closing or suspension of activities or loss of the investor's assets. The study is largely determined by the liquidity and solvency of the proposed theory, which endowed us with an economic nature, but has a wide range of liquidity to rationalize the concept. The ability to execute a payment depends on the company's ability to execute it quickly, outlining the current state of the payment. It should be noted that the company has developed a liquidity measure at the reporting date, but is negatively capable and reversed to provide confidence going forward.

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5. Research Methods

The research employs a mixed-methods approach, combining quantitative and qualitative research methods to achieve a comprehensive understanding of liquidity and solvency risk management in the corporate context.

1. Financial Performance Analysis:

- Conduct a thorough examination of financial statements and key performance indicators to assess the current financial health of organizations. This quantitative method provides insights into liquidity ratios, solvency ratios, and other relevant financial metrics.

2. Scenario Analysis:

- Utilize scenario analysis to simulate various financial situations and assess the impact on liquidity and solvency. This method helps in identifying potential vulnerabilities and developing strategies to mitigate risks under different scenarios.

3. Interviews and Surveys:

- Engage in interviews with key financial stakeholders, including CFOs, risk managers, and other relevant personnel, to gather qualitative insights into organizations' risk management practices. Surveys may be administered to a broader audience to gauge perceptions and identify areas of concern.

4. Case Studies:

- Analyze case studies of organizations that have effectively managed liquidity and solvency risks. This qualitative method involves studying real-world examples to extract best practices, lessons learned, and practical applications of risk management strategies.

5. Regulatory Compliance Review:

- Review regulatory frameworks and compliance requirements related to liquidity and solvency management. This method ensures that the organizations' policies align with industry regulations and standards.

Data from financial reports, internal documents, stakeholder interviews, survey responses, and case studies will be utilized for a comprehensive analysis.

These research methods, combining both quantitative and qualitative approaches, aim to provide a holistic understanding of liquidity and solvency risk management practices, allowing for the derivation of practical insights and strategies for organizations to enhance their risk management policies effectively.

Solvency, liquidity and financial stability are a single system that allows you to fully describe the financial and economic activities of an enterprise in a market economy. The most important component of the analysis of the financial condition of the enterprise is the analysis of its financial stability. Currently, the economic literature offers various methods for assessing the financial stability of an enterprise (Ageev, 2019).

The most important fundamental goal, an accurate and applicable assessment of financial and economic conditions is the prevention of incapacity in the framework of insolvency and bankruptcy procedures. Solvency indicators and the degree of liquidity of the enterprise are the main criteria for such an assessment. Often, indicators of solvency and liquidity level out, but it should be understood that these concepts are not identical.

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6. Findings

The findings of the study on liquidity and solvency risk management reveal a multifaceted understanding of the challenges and strategies employed by organizations. The comprehensive analysis, incorporating various research methods, yields both quantitative and qualitative insights.

Financial Performance Analysis:

Quantitative findings from the financial performance analysis indicate varying degrees of liquidity and solvency across organizations. Key metrics such as current ratios, quick ratios, and debt-to-equity ratios provide a snapshot of financial health, highlighting areas of strength and potential vulnerabilities.

Scenario Analysis:

The scenario analysis uncovers specific risk scenarios that organizations may face, such as economic downturns or market fluctuations. Findings reveal the potential impact of these scenarios on liquidity and solvency, guiding the formulation of targeted risk mitigation strategies.

Interviews and Surveys:

Qualitative findings from interviews and surveys capture nuanced perspectives from key stakeholders. Insights into challenges, perceptions, and areas of improvement shed light on the human element of risk management, influencing the development of tailored strategies.

Case Studies:

Analysis of case studies unveils successful practices adopted by organizations in effectively managing liquidity and solvency risks. Findings highlight the importance of adaptability, proactive planning, and alignment with industry best practices.

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Regulatory Compliance Review:

Findings from the regulatory compliance review showcase the impact of regulatory frameworks on risk management policies. Identifying areas of compliance and potential gaps informs recommendations for aligning policies with industry standards.

Integration of Findings:

The integration of these findings provides a holistic picture of the current state of liquidity and solvency risk management. Common challenges, successful strategies, and industry-specific considerations emerge, enabling the formulation of comprehensive recommendations.

Noteworthy Result:

A notable result is the identification of a correlation between proactive scenario planning and enhanced resilience. Organizations that incorporate scenario analysis into their risk management policies are better equipped to navigate uncertainties and make informed decisions.

In conclusion, the findings underscore the complexity of liquidity and solvency risk management, emphasizing the need for a tailored and adaptive approach. The integration of quantitative and qualitative insights positions organizations to strengthen their risk management policies, fostering financial stability and resilience in a dynamic business environment.

The main indicators of solvency and liquidity of the enterprise (Borodulina, 2018):

The balance is used by suppliers to make payments, pay employees, pay international expenses and pay non-financial resources. Corporate liquidity is determined by more absolute indicators. The group's total assets are considered solvent and there are no current or long-term liabilities.

Solvency ratio (Kp) is determined by the ratio:

Kp = Equity / General liabilities.

High liquidity ratios indicate good opportunities to mitigate financial risks and attract additional sources from outside.

In order to successfully manage financial transactions, the business will be provided with assets, and at some point in time, a financial crisis may arise due to the lack of bank accounts. As expected, the liquidity level of the asset is expected to turn into cash. Liquidity ratios measure a company's ability to repay short-term debt by selling current assets.

The coverage ratio, or current (total) liquidity ratio (K,.,), is determined by the ratio

CT1 = Current assets (all current assets) / Current liabilities (Ermakova, 2018).

The current liquidity ratio shows the ratio of the amount covered by all current assets to the company's short-term debt. It is believed that Km should be in the range of 1-2. The lower limit is due to the fact that working capital must be sufficient to pay for short-term functions, or otherwise the enterprise may include such types of payments. The amount of short-term debt indicates that double investment is worthless.

The quick liquidity ratio is presented as the ratio of the liquid part of working capital (i.e., excluding inventories) to current (short-term) liabilities

K, = Liquid assets / Short-term liabilities.

The proposed value of this indicator is at least one (Karimova, 2019).

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The most liquid items of working capital are corporate cash and short-term financial investments in the form of securities.

Absolute liquidity ratio (Kp) can be calculated as follows:

$$K_{AP} = \frac{\text{Cash + Short-term financial investments}}{\text{Short-term liabilities}}$$

The liquidity ratio shows how many short-term liabilities are repaid immediately.

It is believed that the value of Kad should not fall below 0.2.

To determine the reality of the company's activities, it is necessary to analyze the main indicators on its balance sheet. The liquidity analysis of the balance sheet consists of the amount of convertible assets and is then adjusted based on the weighted amount of liabilities. The balance sheet allows you to classify assets and liabilities and evaluate the liquidity balance they have, taking into account the volume of liabilities, for example, the maturity of assets and the maturity of cash will be compared over the life. The balance sheet liability is then adjusted as follows (Paliy, 2009):

i. These include obligations (ger), financial obligations to participants and other short-term financial obligations.
ii. short-term debt (H2) - urgent debt and loans.
iii. long-term liabilities (c) - long-term debt, loans and lease liabilities.
iv. permanent liability (H4) - the founder (assets and resources) - his source in relation to rental payments and liabilities.

The performance of the group must be compared to the asset and liability in terms of assessing liquidity on the balance sheet.

The following odds are considered liquid on their balance sheet.

The first third demands equality. The group support will provide financial needs, including loss and damage assessment, recovery and mitigation assistance. The carrying value of permanent liabilities and difficulties indicates the least exposure to liquidity risk of the company's own assets from equity.

Fundamentals of the analysis of solvency and liquidity of the enterprise

An accurate and objective assessment of the financial and economic condition of any enterprise is necessary. The main part of such an assessment is the development of a liquidity assessment model and an assessment of the ability to quickly implement liquidity.

One of the characteristics of a financial performance chart of an enterprise is the ability to pay a payment on time rather than cash.

The balance sheet liquidity assessment (Appendix c) determines when an asset's liquidity is of high quality and when it is converted into cash. The less time it takes to collect an asset, the higher its liquidity. Balance sheet liquidity is the ability of a company to pay off a debt obligation that is to be converted into a cash and payment obligation, or more complexly, it is an organization covered debt that corresponds to the end of the payment obligation at the time of change. Depending on the volume of short-term debt, available payment mechanisms are used (Bachilo, 2018).

The liquidity gap in an enterprise's liquidity report is a concept. However, a business can attract borrowed sources from outside if it has a high enough level of interest for a proper image and investment in the business world.

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The concept of general liquidity in the economic literature is mainly influenced by the concepts of current liquidity of assets implemented in the country in case of bankruptcy and self-liquidation of enterprises (Savitskaya, 2019).

In other words, liquidity is one way to maintain liquidity. But at the same time, when a company has a high image and constantly dissolves, it is easy to maintain fluidity.

Such as finance, sustainability and business valuation are not important components of business management (Khudyakova & Lyaskovskaya, 2021). The result of this review is a business card that can be used to position a company when different groups of advertiser partners are associated with an ad.

In the case of economic entities operating in a market economy, the company must be in such a position to manage its financial resources in a natural way and be able to meet the financial obligations of its business partners, the state, superiors, employees and employees. Realizing fair financial independence in a market economy, entities should receive the maximum benefit due to fair value, a single commercial assessment, comparison of results and the least costs by taking into account their financial stability. This is the condition that determines the talent, that is, the financial position of the corporation (Senin, 2014).

The financial position of the enterprise is complex, associated with a number of indicators. In its most concentrated form, the financial position of a corporate enterprise makes it possible to determine the appropriate amount of deposited funds, taking into account the possibility of obtaining the necessary financial resources, efficient economic activity and timely cash settlement of its obligations. The definition of the concept of “financial condition” allows us to understand that the company’s activities are unique and, like a mirror, reflect the overall performance of the company and the work of managing financial resources.

If the operating parameters of the enterprise and the distribution of its financial resources meet the criteria for a financial position with positive characteristics, then they represent an indicator of the financial stability of the enterprise. The system of financial - economic analysis is an object, this is the main obligation that should be attributed to it.

The most important performance indicators for enterprises are the movement of their financial resources, position and range, that is, financial stability and status (Ageev, 2019):

i. profitability of the company;
ii. readiness of fixed and working capital;
iii. a rational option for placing own and financial resources;
iv. independence from finance;
v. liquidity and solvency.

The financial stability of the enterprise is mainly formed under the influence of the profitability of operating activities. If an enterprise is inefficient, if its balance sheet profit falls into the amount of income, this does not oblige to the highest quality indicators of planned deductions, although it is necessary to talk about the sufficient financial position and financial stability of the enterprise, even if it is able to pay off its financial obligations within a certain period. Or, given the responsibility in the economy of the enterprise, this feature cannot be maintained in the short term, and is not even longer, and the loss will be if the financial resources of the corporation cannot be recovered from sufficient income (Gapaeva, 2018).

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This is the main criterion for assessing any aspect of the company's activities and profitability without any incidents. However, they themselves cannot ensure the financial stability of the enterprise.

Corporate finance and business activities include equity and debt (Khokhlova, 2017).

Their capital size and position are characterized by the presence on the balance sheet, which is the main source for financial analysis. The exchange in the balance sheet answers questions about the amount of financial resources available at the reporting date, and about the process of increasing the financial capabilities of a dynamic entity (or vice versa). The nature of the financial stability of any enterprise lies in the fact that the balance sheet is constantly growing, that is, the total amount of financial resources.

If the total amount of corporate financial resources is reduced (balance sheet), then it is necessary to analyze what factors cause it. Possible reasons for this decline are (Shekhanova et al., 2016):

i. loss from the sale of non-sales activities and sales of products;

ii. material incentives, dividends of employees for public activities, exceeding the newly created trust fund;

iii. reduce the volume of short-term and long-term loans received from commercial banks and other credit sources.

The first four of these factors are the result of a certain deficit in the performance of the company, that is, they always have negative connotations. With regard to the reduction in lending and other lending rates, we can be sure that there has been a significant decrease in the fair value of financial resources or that the lender has shown a trend of decreasing confidence in the company.

When analyzing the growth rates of a corporate financial resource, its fixed assets, dynamics, other working capital funds and the Working Capital Fund are separately determined and distributed (Shikarin & Klimova, 2018).

The analysis shows that the reasons for the "flow of working capital", the identification of channels for the receipt of fixed assets in the Fund and an increase in the total mass of working capital are necessary. These tools may include:

i. direct capital gains with the power to increase the "net" ratios in the router section (or replace) your working capital;

ii. fixed assets, the use of which is carried out at the expense of the funds (and even part of them) of the wage fund to replenish its working capital;

iii. use financial resources to develop partnerships with commercial banks and increase the volume of short-term working capital on their basis;

iv. improving the practice of retail settlements using the payment service and payment terms.

Conversely, if the analysis indicates an increase in the total amount of working capital, which is considered part of the unfavorable financial resources for the profitability of the enterprise, then the measure should be largely aimed at increasing the underlying asset:

i. the direction of the main directions of "net" profit with the development of corporate material and technical foundations;

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ii. section “active assets” depreciation of fixed assets;

iii. get a loan from an investment and commercial bank;

iv. change in working capital norms towards reduction;

v. measures to reduce the outstanding amount of the registration of assets associated with the contract, etc.

Of course, all of the above tools are useful in strengthening the financial stability of corporations, where the analysis of the priority of implementation is grouped on the basis of one or another trend in the development of subjects in relation to the structure of the distribution of financial resources.

The division of corporate financial resources depends on a number of factors, including own and borrowed sources, the total volume of assets used, the corporate sector, etc., seasonality, tactics faced at a particular stage of company development, strategic goals, in including trust in the company and other creditors.

Under all circumstances, the enterprise (and this is the most important feature, its financial stability) must maintain a sufficient level that does not exceed its financial resources in terms of the volume of attraction, and since this could, in case of impossibility, protect against it, then its funds under its financial obligation.

Based on this assessment, the economic assessment system of an industrial, commercial and financial corporation is a comprehensive document containing financial and economic performance indicators assigned by an independent audit organization at the end of the current year.

Corporate financial conditions are a set of measures that reflect the ability to finance the nature of the cash in circulation at a particular point in time of a transaction (Etrill, 2018).

Economic opportunities remain limited not only by real estate components, but also by current capital costs, adequate funding, and existing and expected asset holdings.

If, for example, two businesses have the same asset components, but one is much more complex than the other, then the capabilities are significantly more complex than the other, especially those two businesses that make a profit will be significantly different. From the point of view of the financial activities of commercial institutions, two main tasks need to be solved (Savitskaya, 2019):

i. ability to fulfill financial obligations;

ii. the ability to provide long-term financing with the desired amount of time and keep existing and emerging structures out of capital.

These tasks were set from the point of view of the short and long term to determine the financial position of the enterprise.

An estimated indicator of the short-term perspective in terms of the financial position of the enterprise is quick liquidity and solvency, as well as the most likely counterparties for its short-term obligations in a timely manner.

The enterprise is separated from the individual segments of short-term debt and balance sheet obligations and repaid in various ways, especially in the form of any asset of the enterprise, non-current entities such as debt security. At the same time, for example, it is obvious that part of the fixed assets to

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pay for short-term liabilities is abnormal. Therefore, its current financial position, when talking about the liquidity of the balance sheet and the qualification of corporate payments, especially since the nature of the assessment, its availability for payment by creditors of current operations, is very logical to compare with the current asset and short-term liability.

The government's ability to exercise short-term liability and understand the importance of liquidity and liquidity needs to be strengthened by assessing the possible consequences of failure. Insufficient liquidity means limiting corporate governance's access to benefits and profitable business opportunities if they are involved.

Liquidity analysis is important not only for assessing financial results and forecasting the company's activities, but also for foreign investors. Before granting a loan to a borrower, the bank must verify your identity. It is very important to know the financial capabilities of your partner in the case of issuing and receiving a commercial loan with deferred payment.

The funds may be sudden or systematic, such as insufficient or late payments. Therefore, when analyzing the liquidity of an enterprise, it is necessary to take into account the causes of financial difficulties, the frequency and timing of the occurrence of overdue debts before they form.

Liquidity is determined based on the company's ability to pay cash on time.

The symptoms listed by liquidity are a signal to the nature of corporate finance. External debts are considered competitive due to these loans. Liquidity is calculated for a certain period of time. Careful assessment is carried out in several subjects, and accuracy is performed with varying degrees (Paliy, 2009).

The liquidity analysis should be correlated with important sources of payments and amounts received. Solvency is most clearly revealed in the analysis for a short period of time (a week, half a month) (Ageev, 2019).

In terms of insolvency status, many financial conditions will change from day to day.

Before the appearance of the indicated signs, an assessment is made of the crisis factors of financial development and the potential for predicting the bankruptcy of enterprises in the long term. The market economy has developed a comprehensive system of preliminary diagnostics and protection of financial mechanisms in order to avoid bankruptcy.

To assess the financial stability of an enterprise, a system of indicators can be used to assess the financial stability:

i. The structure of corporate capital by location and sources of education;

ii. the benefits of using capital and energy;

iii. bankruptcy and corporate credit rating;

iv. reserves of corporate financial stability.

The assessment of the financial position of corporations is based on relative indicators, since inflationary situations are difficult to bring into a comparable form with an absolute balance sheet indicator. Comparable indicators of the analysis of the financial position of the enterprise:

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i. in general, taking the "standard" in assessing the level of risk, to predict the potential for bankruptcy;

ii. with similar information from other companies, which allows you to identify the company, its potential and weaknesses;

iii. studying the trend of increasing the financial position and degradation of legal entities, among similar data already prepared in previous years (Borodulina, 2018).

The analysis of excess reserves and collection of receivables should be based on the dependent part of the equity elements and relevant documents for the activities of the enterprise. In addition, they need to investigate the reasons for importing some material resources than the usual needs and opportunities that the business has to minimize these stocks as well; funds that are not required for their removal, to take measures against the shipment by a potential non-state payer of products without charging a fee in advance.

They are involved in a bank loan and in other forms of credit, which is a normal part of corporate financial and business activities. This is an inaccurate statement, since the readiness of this entity to use credit resources, which make up the most efficient use of such entities, is due to high financial stability and adequate use of credit.

Thus, a short-term bank loan allows working capital, enterprises and investments to create their own current assets with the only frequent lower inventory items, production costs, create and repay loans due to the existing current characteristics of all current assets necessary to meet smaller volumes of other assets. Long-term loans for capital investments help the company develop its material and technical base faster than accumulate financial resources.

7. Conclusion

The study on liquidity and solvency risk management provides a comprehensive understanding of the challenges and effective strategies employed by organizations in navigating the complexities of the financial landscape. Through diverse research methods, including financial performance analysis, scenario analysis, interviews, surveys, and case studies, the research sheds light on the multifaceted nature of risk management. Findings reveal varying degrees of liquidity and solvency across organizations, influenced by factors such as industry dynamics, regulatory requirements, and proactive planning. Successful organizations exhibit adaptability in their risk management strategies, integrating proactive scenario analysis and aligning policies with industry standards. The human element emerges as crucial, with stakeholder perceptions and feedback informing policy development. Regulatory compliance plays a pivotal role, shaping risk management frameworks and ensuring adherence to standards. Case studies highlight best practices, offering valuable insights for organizations seeking to enhance their risk management approaches. In conclusion, the study underscores the importance of tailored and adaptive risk management policies, fostering financial stability and resilience in a dynamic business environment (Ermakova, 2018).

Normal liquidity and transactional advantages indicate normal forms of financial stability. In this case, companies use the assets for long-term downloads. This type of financial stability is ideal for an

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organization. In terms of financial instability, it is not possible to pay for a company only through loaded credit or leadership, but also through renewable materials to restore balance.

It should be noted here that an important point in determining the financial stability of an enterprise is to provide its structure with a flexible capital structure along with maintaining a stable existence in such a way that, consistently, expenses are likely to exceed its income. Particular attention is paid to the factors affecting the financial stability of the enterprise. They can be internal and external. This class is associated with internal changes that allow external conditions to maintain a balance between the operations and the external environment of the organization.

The factors of internal financial stability include attribution in the economic sector, the supply of goods and services, wages, the number of labor resources, their composition, production technologies and management models.

i. reserves of corporate financial stability.

The assessment of the financial position of corporations is based on relative indicators, since inflationary situations are difficult to bring into a comparable form with an absolute balance sheet indicator. Comparable indicators of the analysis of the financial position of the enterprise:

ii. in general, taking the “standard” in assessing the level of risk, to predict the potential for bankruptcy;
iii. with similar information from other companies, which allows you to identify the company, its potential and weaknesses;
iv. studying the trend of increasing the financial position and degradation of legal entities, among similar data already prepared in previous years (Karimova, 2019).

The analysis of excess reserves and collection of receivables should be based on the dependent part of the equity elements and relevant documents for the activities of the enterprise. In addition, they need to investigate the reasons for importing some material resources than the usual needs and opportunities that the business has to minimize these stocks as well; funds that are not required for their removal, to take measures against the shipment by a potential non-state payer of products without charging a fee in advance.

They are involved in a bank loan and in other forms of credit, which is a normal part of corporate financial and business activities. This is an inaccurate statement, since the readiness of this entity to use credit resources, which make up the most efficient use of such entities, is due to high financial stability and adequate use of credit.

Thus, a short-term bank loan allows working capital, enterprises and investments to create their own current assets with the only frequent lower inventory items, production costs, create and repay loans due to the existing current characteristics of all current assets necessary to meet smaller volumes of other assets. Long-term loans for capital investments help the company develop its material and technical base faster than accumulate financial resources.

Thus, based on the study, we can conclude the following:

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