

FEATURES OF FINANCIAL ANALYSIS IN FOREIGN COUNTRIES AND ITS DEVELOPMENT DIRECTIONS

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Introduction. Financial analysis is a crucial tool for assessing a company's financial position, determining operational efficiency, and making future decisions. It relies on objective and reliable data to identify financial problems within a company and help resolve them. In foreign countries, financial analysis is conducted based on laws and standards. Standards such as GAAP and IFRS ensure the accuracy and transparency of financial data. Analysis conducted in accordance with international standards enhances competitiveness in the global market and serves as a reliable source of information for investors.

Financial analysis in foreign countries is based on specific standards and methodologies. This article examines the types of financial analysis, their characteristics, and analytical methods using Apple Inc. as an example.

The Importance of Financial Analysis in Companies

1. For Investors: Financial analysis helps evaluate a company's stability and profitability potential.
2. For Creditors: It is essential for assessing a company's financial condition and liquidity when making lending decisions.
3. For Management: Analysis provides crucial information to improve company performance and efficiency.
4. For the International Market: Analysis based on international standards increases companies' global competitiveness.

Key Characteristics of Financial Analysis

1. Objectivity and Reliability: Financial analysis must be based on accurate and reliable data. Reports and data are prepared according to international standards (GAAP, IFRS).
2. Completeness and Comprehensiveness: All financial indicators of the company (assets, liabilities, income, expenses) are considered, providing a full evaluation of the financial condition.
3. Dynamic (Time-based) Analysis: Financial indicators are compared over time to identify trends and evaluate the company's development direction.
4. Comparability: Analysis results are compared with industry standards or other companies in the sector to assess market position.
5. Problem Identification: Financial analysis helps identify financial problems such as liquidity shortages, high debt burden, and declining profitability.
6. Forecasting and Planning: Based on analysis results, future financial conditions can be forecasted, and strategic plans can be developed.
7. Decision-making Support: Financial analysis serves as a key source of information for managers, investors, and creditors in making financial decisions.
8. Variety of Analytical Methods: Different methods such as horizontal analysis, vertical analysis, debt analysis, liquidity analysis, and profitability analysis are used.

9. Compliance with International Standards: Financial analysis in foreign countries is conducted based on international reporting standards (GAAP, IFRS), allowing global comparability.

10. Step-by-Step Analysis Process:

Step 1: Data Collection

- Financial statements (balance sheet, income statement, cash flow statement) are gathered.

- Reports are checked for compliance with international standards (GAAP or IFRS).

Step 2: Data Cleaning and Preparation

- Duplicate or inconsistent data is identified and corrected.

- Financial data is formatted for analysis.

Step 3: Choosing an Analysis Type

- Based on company goals, horizontal, vertical, or comparative analysis methods are selected.

Step 4: Calculation and Analysis

- Financial indicators and ratios (e.g., profitability, liquidity, debt burden) are calculated.

Step 5: Conclusion and Recommendations

- Recommendations for improving company performance are developed based on analysis results.

- Reports are presented to stakeholders.

Information Sources for Financial Analysis

- GAAP (Generally Accepted Accounting Principles) – Widely used accounting standards in the U.S., requiring companies to present financial data accurately and correctly.

- IFRS (International Financial Reporting Standards) – International financial reporting standards used in over 140 countries, allowing financial data to be compared globally.

- SOX (Sarbanes-Oxley Act) – A U.S. law ensuring the accuracy and transparency of financial reporting.

Types of Financial Analysis

Financial analysis types refer to the various methods and approaches used to evaluate a company's financial position and performance. These types help assess financial stability, efficiency, and future growth opportunities.

Horizontal Analysis (Trend Analysis): Compares a company's financial indicators over several years, helping to identify growth trends and evaluate performance over time.

Vertical Analysis (Proportional Analysis): Expresses each financial statement item as a percentage of a total value. For example, in the income statement, each expense or revenue is evaluated relative to total revenue.

Debt and Liquidity Analysis: Evaluates a company's debt burden and ability to meet short-term obligations. This includes current ratio, quick ratio, and debt ratios.

Profitability Analysis: Assesses a company's ability to generate profit. This includes metrics such as return on assets (ROA), return on equity (ROE), and profit margins.

Cash Flow Analysis: Evaluates the company's cash flow from operating, investing, and financing activities.

Tax Analysis and Financial Risk Analysis: In foreign countries, companies' tax compliance and financial risks are analyzed to assess tax policies and risk management.

Comparative Analysis (Benchmarking): Compares a company's indicators with other companies in the industry.

Risk Analysis: Evaluates the probability and impact of financial risks and develops risk management strategies.

Below, Tables 1-2 present the horizontal analysis of Apple Inc.'s financial indicators from 2020 to 2023.

Table 1
Analysis of financial indicators (2020-2023)

Indicators (billion USD)	2020	2021	2022	2023
Revenue	274.5	365.8	394.3	400.0
Net Income	57.4	94.7	99.8	100.0
Total Assets	323.9	351.0	352.8	350.0
Total Liabilities	258.5	287.9	302.1	270.0
Equity	65.4	63.1	50.7	80.0

Table 2
Horizontal Analysis (Growth Rate %)

Indicators	2020-2021	2021-2022	2022-2023
Revenue Growth (%)	33.3%	7.8%	1.4%
Net Income Growth (%)	65%	5.4%	0.2%
Total Asset Growth (%)	8.3%	0.5%	-0.8%
Total liabilities (%)	11.4%	4.9%	-10.6%
Equity (%)	-3.5%	-19.6%	57.8%

Analysis shows that revenue growth: A significant increase (33.3%) was observed in 2020-2021, but the growth rate slowed down in the following years. Net income: A high growth rate (65%) was recorded in 2020-2021, but in the subsequent years, growth nearly stopped. Assets and liabilities: A transition from growth to decline was observed in assets and liabilities. Equity capital: While a decline was observed in 2022, significant growth was recorded in 2023.

The following directions contribute to and enhance the process of making financial analysis more efficient and innovative:

1. Utilization of Digital Technologies

The use of artificial intelligence (AI), machine learning, and big data technologies in financial analysis accelerates the process and enhances accuracy.

2. Automated Analysis Tools

The widespread use of automated platforms and software enables the rapid analysis of large volumes of financial data in a short time.

3. Interactive Reports and Visualization

Presenting financial data through interactive graphs and visualization tools makes it easier to understand analysis results.

4. Implementation of International Standards and Regulations

Introducing analysis methods in accordance with international financial reporting standards enhances competitiveness in global markets.

5. User-Centric Analytical Tools

Customizing analytical platforms to meet user demands and adapting them to specific needs.

6. Continuous Monitoring and Analysis

Financial analysis should not be limited to annual or quarterly reports but should be conducted continuously.

7. Long-Term Forecasting Methods

Improving economic modeling and forecasting techniques to assess a company's financial outlook.

8. Integrated Analytical Platforms

Developing integrated platforms that enable simultaneous analysis of accounting, taxation, and other financial data.

9. Sustainability and Social Responsibility Analysis

Incorporating ESG (Environmental, Social, and Governance) analysis into financial analysis to assess a company's sustainability and social responsibility.

10. Ensuring Digital Security

Implementing new technologies to ensure the confidentiality and security of financial data.

Conclusion

Today, financial analysis is becoming more efficient through the use of new technologies. Artificial intelligence, automated analysis tools, and interactive reporting accelerate the analytical process and improve accuracy. Additionally, ESG standards and sustainability assessments help evaluate companies' social and environmental responsibilities.

In the future, financial analysis will be further enhanced through continuous monitoring, digital security, and integrated platforms. This will enable companies to make long-term forecasts, develop strategic plans, and strengthen their position in global markets. Thus, financial analysis serves as a crucial tool not only for companies but also for all sectors of the economy.

Sources of Information:

1. Official websites of GAAP and IFRS
2. International finance and accounting sources
3. Apple Inc. annual financial reports(<https://www.apple.com/investor/earnings-call/>)