

Application of Financial Analysis in Enterprise Financial Management

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Abstract: The rapid development of economic level makes the competition between enterprises more and more fierce. In the competition, financial analysis plays an indispensable role in enterprise financial management. This paper expounds the relevant concepts of financial analysis, explores the role of financial analysis in enterprise financial management, finds the relevant problems of financial analysis in enterprise financial management, and briefly expounds how to strengthen financial analysis within the enterprise, which is more conducive to the effective implementation of enterprise financial management.

Keywords: Financial analysis, Financial management, Concept elaboration, Application status.

1. Introduction

The formation and development of enterprises cannot be separated from financial management. Financial management exists in the whole process of enterprise business activities and plays an important role in department coordination, internal supervision, performance appraisal, target quantification, budget management and so on. Through many financial case studies, we can see that financial analysis can be regarded as a prerequisite for enterprise financial management. Strengthening enterprise financial analysis and management can improve the level of enterprise financial analysis and ensure that enterprise financial management is more perfect and standardized, which has an important impact on maximizing the level of financial management. Financial analysis is essential for the development of enterprise financial management. Clarify the relationship between the two, make financial analysis play the greatest role in enterprise financial management, provide enterprises with a higher level of financial accounting work and bring higher economic benefits to enterprises.

2. Related Concepts and Contents of Financial Analysis

2.1. Concept of Financial Analysis

Water B. neigs, a professor at the University of Southern California, believes that the essence of financial analysis is a technology that collects financial data related to decision-making, analyzes and explains these financial data [1]. Financial analysis comprehensively analyzes and evaluates the financial status, operating results, cash flow and other aspects of the enterprise through the analysis of various data provided by the financial statements and special analysis methods, and reliably forecasts the future development trend of the enterprise. Through the analysis results provided by financial analysis, make a preliminary judgment on the financial ability of the enterprise, find the problems and possible risks in the production and operation process of the enterprise, provide important theoretical basis for the production and operation decision-making of the enterprise's leadership, provide reference basis for financial managers, and provide data basis for the business performance of the

enterprise.

2.2. Contents of Financial Analysis

Fund operation analysis. Based on the existing financial system and business strategy of the enterprise, supervise and manage the cash flow and the use of various funds, predict the future development trend of the enterprise, and provide information and decision support for the enterprise's fund management, fund operation and fund scheduling.

Financial policy analysis. By analyzing various financial statement data, analyze and predict the financial benefits and possible risks of the enterprise, and provide suggestions for the establishment and adjustment of the enterprise's financial management policy and system.

Operation and management analysis. By analyzing various operation and management data of the enterprise, analyzing the operation and management status of the enterprise, reflecting the performance of the enterprise, predicting and analyzing the operation of the enterprise, providing professional suggestions, and providing financial analysis support for the business decision-making of the enterprise.

Analysis of investment and financing management. Participate in the investment and financing projects of the enterprise, conduct special investment and financing analysis, make financial prediction for the investment and financing business of the enterprise, cooperate with the leaders of the enterprise to formulate relevant investment and financing plans, effectively prevent risks, and contribute to the goal of maximizing the interests of the enterprise.

Financial analysis report. Through the preparation of financial research reports, financial analysis reports, feasibility analysis reports and other financial reports, meet the development needs of enterprise finance and business, strengthen enterprise financial supervision and management, provide a reliable basis for enterprise financial decision-making, improve the level of enterprise financial management, and make enterprise operation more stable.

3. The Significance of Financial Analysis to Enterprise Financial Management

3.1. It Provides A Reference for Financial Managers

Financial analysis is very important for the financial management of enterprises in daily operation. Financial analysis gives corresponding data analysis results based on financial data. These data analysis results can provide data support for the financial management of enterprises and enable financial managers to analyze the financial situation of enterprises. Financial forecast has a more effective data base. Through reasonable analysis of the data after financial analysis, the management of the enterprise obtains the current financial situation of the enterprise, defines the problems existing in the process of enterprise development, and gives relevant countermeasures and scientific plans through the analysis results.

3.2. It provides A Data Basis for the Business Performance of the Enterprise

Financial management workers can use financial analysis to fully grasp the capital status, capital flow and actual expenditure of the enterprise. Through this information, they can make effective use of funds and improve the operation level of the enterprise. Financial analysis ability is also one of the important means to assess the business ability of enterprise financial managers. Through the data of financial analysis, we can see the level of enterprise financial staff. Therefore, financial analysis is also used as one of the criteria to judge the performance of financial managers.

3.3. It provides A Basic Guarantee for Important Decisions of Enterprises

The data of financial analysis is the theoretical basis for financial workers to predict the future development of enterprises, and the rationality of financial analysis results is also the key to the accuracy of enterprise prediction. In the increasingly fierce market competition, how to make rational use of the advantages of the enterprise and occupy a greater share in the market is very important for the development of the enterprise. The trend of financial analysis data provides the development direction for the development of the enterprise, so that the enterprise can minimize the problems caused by financial activities in the market development and make the enterprise develop better, Achieve sustained and stable operation.

4. Main Problems of Financial Analysis in Enterprise Financial Management

4.1. Imperfect Financial Analysis System

According to relevant investigation and research, 65% of enterprises in China basically do not do financial analysis, and about 50% of enterprises only do relatively simple financial analysis once a year. Even some enterprise leaders and managers believe that all financial and business data of the enterprise are formed under their own full participation and control, and they have a very clear understanding of the financial situation of the enterprise, It is considered that financial analysis is not necessary [2]. Therefore, in most enterprises, there are many problems in the financial analysis

system: The accounting process is chaotic, lax capital control, unclear cost accounting, disconnection between finance and business, poor asset management.

4.2. The Basis of Financial Analysis Is Relatively Weak

When most companies do not pay attention to financial analysis, the financial analysis system in the enterprise can not be well improved, resulting in the weak foundation of financial analysis in the enterprise. At this time, the enterprise will have problems in financial analysis. At present, the main methods used by most enterprises in financial analysis are ratio analysis method and comparative analysis method[3]. These two methods can reflect the financial situation of enterprises to a certain extent, but the application of these methods usually needs to be based on the data information obtained from financial statement items or accounting, and also needs to be analyzed by ratio, ratio and other methods. In addition, now financial analysis indicators often focus on "quantity" and despise "quality", so most enterprises will have inconsistent results with reality in financial analysis.

4.3. Financial Analysts Have Weak Risk Awareness

In the current environment where most enterprises do not pay attention to financial analysis, most financial analysts do not have risk awareness in financial analysis because of their unclear understanding of the actual situation or lack of ability, which also leads to that financial analysts do not pay attention to the generation of risks in financial analysis, This will not only bring trouble to the financial analysts themselves, but also bring economic losses to the company. In serious cases, it will cause indelible damage to the enterprise. Some enterprises even cause the person in charge of the enterprise to be imprisoned because of errors in financial analysis.

5. Solutions

5.1. Establish A Sound Financial Analysis System

Establish a clear accounting process, so that the financial department of the enterprise has a fuller understanding of its own work content, and the analysis of financial data in each process is more accurate.

Establish the company's internal fund control system, strengthen the fund control awareness of all departments of the enterprise, make the fund management work effectively, improve the utilization rate of funds, and make good use of the funds of the enterprise.

Cultivate the professional level of financial personnel, make them familiar with the main business of the enterprise, improve their ability, continuously improve the breadth and depth of financial information, make the financial management more accurate and effective[4], and promote the integration of enterprise financial management and business work.

5.2. Strengthen Financial Analysis Ability

In the era of big data, although some basic financial accounting work has been replaced by machines, financial analysis still needs special financial personnel to carry out. It can be seen that financial analysis ability has higher and higher requirements for financial personnel, and having higher financial analysis ability is also very important for

financial personnel. This requires the enterprise's financial management workers to have a full understanding of the enterprise's own development, and can skillfully master and apply the current financial policies and financial analysis methods in our country. Enterprises can regularly carry out the training of internal financial workers, so that enterprise financial workers can continuously strengthen their knowledge level and business level, and effectively improve the overall financial analysis ability of enterprises.

5.3. Strengthen Risk Awareness

Risk control plays an important role in the development of enterprises. The quality of risk control can often determine the profitability of an enterprise. The most basic aspect of the ability of risk control is the risk awareness of financial workers. Risk awareness often determines a person's ability to discover and detect risks. It is a basic ability that a financial worker should have to put forward reasonable suggestions on risk control through risk identification. To strengthen risk awareness, we can evaluate the level of risk awareness of financial personnel through risk awareness evaluation and risk ability test. Enterprises can also provide regular risk awareness education for financial managers and carry out special training on the risk awareness of financial personnel to ensure the level of risk awareness of enterprise financial personnel.

6. Summary

To sum up, in the process of financial management, financial analysis can determine the level of financial management, so every enterprise should pay enough attention to financial analysis. Through the financial analysis in daily

activities, the management of the enterprise understands the operation status of the enterprise and makes continuous corrections in the process of development. Through financial analysis, the leadership can understand the actual financial situation of the enterprise, formulate corresponding enterprise development strategies and make scientific and effective financial decisions according to the actual situation. For an enterprise, financial analysis is an important means to improve its competitive advantage and ensure the quality of financial management. The effective development of financial analysis often determines the development of an enterprise in the future operation process. Enterprises need to constantly establish a perfect financial analysis system, cultivate financial managers with more financial analysis ability, make the data obtained by financial analysis more authentic and reliable, and continuously improve the development ability of enterprises, so as to improve the core competitiveness of enterprises and enable enterprises to occupy a greater share in the increasingly fierce market.

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