On the Effective Prevention of Financial Risks in High-Tech Enterprises

Wang Ya[1*]

School of economics and management, Jiangsu University of science and technology, Zhenjiang, Jiangsu 212003, China
Email: 394685949@qq.com

ABSTRACT

Science is an important internal driving force for development. With the rapid development of science and technology, the development of high-tech industry is promoting the rapid progress of human society. In order to speed up their own economic development, countries around the world are competing to increase investment in high-tech industries to enhance their competitiveness. According to statistics, the global high-tech industry has increased from 1.2 trillion US dollars to 23.7 trillion yuan since 2005, almost 10 times. It can be said that the rapid development of high-tech enterprises with their technological achievements and operation can change the structure of real estate industry and the mode of economic development from one side, so as to improve the quality of regional economic development.

Keywords: *High technology, financial risk, effective prevention*

1. INTRODUCTION

In recent years, the rapid development of high-tech enterprises has become an important support for China's economic development and technological innovation. The state also vigorously promotes its development, which is not only an opportunity but also a challenge for high-tech enterprises. With the increasing number of companies applying for high-tech enterprise identification, it is questionable whether the quality is better or not. Compared with other traditional enterprises, high-tech enterprises are facing more and more risks, which requires enterprises to analyze and judge the business situation from a strategic point of view. In addition, we should also recognize the importance of advanced scientific management mode to the development of enterprises. In order to effectively avoid various risks that enterprises may face in the process of project implementation, it is necessary to establish an effective internal control mechanism and strengthen risk management.

2. ANALYSIS OF RELATED CONCEPTS

2.1. High tech Enterprises

The so-called high-tech enterprises are residential enterprises that are engaged in research and development, production, sales, technical service support and other activities of high-tech products in the high-tech fields that are mainly supported by the state, and registered in China for more than one year. However, due to the characteristics of high investment, high risk and high income, high-tech enterprises are faced with many financial risks. Compared with the traditional manufacturing industry, high-tech enterprises are faced with more risks, such as the failure of project research and development, the loss of technical personnel, the departure of personnel to take away the company's business secrets, and the shortage of research and development funds. Therefore, it is more necessary to enhance the awareness of risk prevention.

2.2. Financial risk

The capital operation of an enterprise will inevitably cause financial risks. Financial risks refer to the possibility that an enterprise may suffer losses due to the influence of various expected and controlled factors in its production and operation. At present, the financial risk management of enterprises mainly includes financing risk management, investment risk management, cash flow risk management and joint financial risk management. For enterprises, the increase of financial risk requires that enterprises must establish more effective financial risk management system, improve financial risk awareness, standardize financial risk management and control system, so as to better promote the process of enterprise development and promote the healthy development of enterprises. Financial risk is what every enterprise must face, and early detection and identification of risk can enable enterprise managers to take effective measures to control risk in time. Therefore, the establishment of financial risk early warning system in enterprises is of great significance to the long-term and stable development of enterprises, as well as to help enterprises improve their competitiveness and continue to develop and grow in the market environment.

3. FINANCIAL RISK ANALYSIS OF HIGH-TECH ENTERPRISES: A CASE STUDY OF COMPANY A

3.1. Introduction to company A

Company A was founded in March 2008 and listed in December 2015 (Stock Code: 300496). At present, it has a scale of more than 3000 people and is a high-tech enterprise recognized by the state. An operating system manufacturer that focuses on Android core technology and provides Android overall solution for mobile internet terminal devices. The company's main customers are the world's leading computer, consumer electronics and mobile phone manufacturers, OEM and operators. After several years of development, company a has formed a core technology and product system of intelligent terminal operating system with characteristics. In the whole intelligent terminal industry, company a deeply serves upstream and downstream enterprises and has unique vertical integration advantages in the mobile Internet industry chain. However, there may be high risks hidden under the high income, which is fatal to the future development of the company, and should be paid attention to by the top management.

3.2. Financial situation and analysis of company A in recent three years

3.2.1. Assets and Liabilities

Table 1 A Company's 2016-2018 Annual Statistics of Assets and Liabilities

Unit: ten thousand yuan

Financial Index	2016	2017	2018
Total assets	190600	265800	260400
Current assets	151000	181700	145700
Quick ratio	1.94	1.62	1.81
Current ratio	1.96	1.63	1.83
Asset liability ratio (%)	41.71%	50.83%	40.40%

According to the above statistics, it is not difficult to see that in the past three years, the total assets of enterprise a have been on the rise, and the business scale has been expanding year by year. The current ratio reflects the short-term solvency of the enterprise, and the reasonable current ratio is 2. Although the current ratio of enterprise a from 2016 to 2018 does not fluctuate greatly, it is less than 2, which indicates that there is a risk in the company's short-term solvency and the pressure on short-term debt repayment is great; at the same time, due to the industry characteristics, the prepayment will also increase the pressure on capital with the increase of business volume[1]. However, it is also found that the asset liability ratio is declining, which shows that enterprise a tries to reduce financial leverage and financial risk in recent years, so as to improve long-term solvency. It is very important to control the asset liability ratio reasonably, which is more beneficial to the long-term development of enterprises[1].

3.2.2. Profit situation

Table 2 Company A's profitability ratio in each year from 2014 to 2018

Financial Index	2016	2017	2018
Cost utilization (%)	17.40%	8.21%	14.94%
Net interest rate of assets (%)	7.74%	3.34%	6.34%
Return on equity (%)	11.61%	6.55%	11.96%
Total asset cash rate (%)	3.88%	7.10%	9.73%

According to the cost and expense profit rate index in Table 2, the cost and expense profit rate index decreases year by year, and in the slow growth, it can be seen that company a has strong control over cost and good management level. From the perspective of net asset interest rate, the indicators of company a are positive, but they are very low and all are lower than 10%, which shows that the asset utilization ratio of company a needs to be improved. Paying attention to improving the ability of asset management will help to further improve the net interest rate of assets and make full use of assets. The index of cash yield of total assets indicates the ability of an enterprise to obtain cash flow from operating activities by using its assets, and is used to evaluate the ability of assets to be used in operating activities. The greater the cash yield of total assets, the higher the efficiency of assets use of the company. Although company a's total asset cash ratio is increasing every year, the ratio is still very low. The company should strengthen the management of accounts receivable to improve the total asset cash ratio.

3.2.3. Operational status

Table 3 Operation statistics of company A in 2016-2018

Financial Index	2016	2017	2018
Turnover of total assets	0.55	0.51	0.56
Receivables turnover days (days)	121.69	114.74	110.00
Inventory turnover	8.98	6.13	4.97

The total asset turnover rate is used to measure the ratio between asset investment scale and sales level. The higher the asset turnover rate is, the stronger the sales ability is. In recent years, the turnover rate of total assets of enterprise a is relatively stable, but in recent years, fixed assets and inventory and other assets grow rapidly, resulting in the low level of turnover rate of total assets in recent years. It is worth noting that enterprises should pay attention to the management ability of various assets while expanding the scale. Days of accounts receivable turnover is an auxiliary indicator of accounts receivable turnover rate. The shorter the turnover days, the higher the efficiency of working capital[2] . As credit sales exist in most industries, forming a large number of accounts receivable, how to quickly turn these accounts receivable into real gold and silver is very important for the company's continuous operation. If the turnover days are extended and the collection speed is slow, the company will have to borrow and other ways to supplement working capital, which will cause the rise of cost and passive operation. It can be seen from the table that although the number of days of accounts receivable of enterprise a has declined, it is far higher than the standard value of 100, which is not optimistic. There are too many funds overstocked in accounts receivable, the speed of recovery has slowed down, the liquidity is lower, and the phenomenon of possible arrears of overstocked funds has also increased. From the perspective of inventory turnover rate, the enterprise's inventory turnover is relatively optimistic. It can be seen that the enterprise's inventory management level is higher and the inventory asset liquidity is stronger. However, in recent years, it has decreased year by year, indicating that the growth rate of inventory is higher than the growth level of main business income, which not only consumes the inventory cost, but also affects the enterprise's capital turnover.

4. MAIN FINANCIAL RISKS FACED BY ENTERPRISE A

4.1. Capital structure risk

It can be seen from the financial statements of enterprise a that at present, the capital source of the enterprise mainly comes from equity financing, the proportion of debt financing is very low, and the debt financing is mainly short-term debt investment, and the share of long-term debt investment is very small. Although the procedure of short-term debt is relatively simple, the risk is relatively small, and the financing cost is low, and enterprise a currently has enough cash resources to repay the short-term debt, but in the long run, the proper existence of long-term debt is more conducive to the future development of the enterprise. Reasonable capital structure can significantly improve the stability of the company's operation, and unreasonable capital structure is easy to cause financial risk.

4.2. Asset operation risk

As a high-tech enterprise, the proportion of current assets of enterprise a is much higher than that of traditional enterprises, so the management of current funds is particularly important. Various uncertainties in the whole process of business activities cause business risks. It can be seen from the financial data of the enterprise that the turnover rate of total assets and accounts receivable of the enterprise is relatively low at present, the efficiency of the use of current assets is not high, a large number of idle current funds are not fully utilized, and the problem is likely to lie in the backward capital management mode. It can be seen from the current financial statements of enterprise a that there are a large number of receivables in the enterprise, which affect the efficiency of the use of current assets and the amount of operating cash inflow of the enterprise.

4.3. R & D innovation risk

Technology R & D risk, R & D decision-making and strategic risk in the transformation of technological achievements have always been the main risks faced by high-tech enterprises. Compared with similar foreign enterprises, the current R & D team of enterprise a is not special, especially the lack of top talents with high-end technology and rich practical experience, which leads to the low actual efficiency of the company's technology R & D. The slow promotion of new R & D achievements has a direct impact on the transformation of new technological achievements and reduces the life span of technological income generation. In the face of this situation, once the R & D investment decision of the enterprise is wrong, it is likely to lead to the increase of technology risk, which makes it difficult for the enterprise to reverse the situation of R & D failure in a short period of time[1].

5. EFFECTIVE MEASURES TO PREVENT FINANCIAL RISKS OF HIGH-TECH ENTERPRISES

5.1. Optimize capital structure and raise funds reasonably

In the process of raising funds, high-tech enterprises must use various ways to analyze, so as to improve the overall quality of enterprise financing. Especially in the aspect of financial strategic management, we must provide sufficient power for the development of enterprises. Enterprise a comprehensively optimizes its asset liability ratio, makes full use of its financial leverage, properly seeks external funds, and obtains appropriate liabilities through bank mortgage; actively protects the intellectual property rights of the enterprise, and seeks professional evaluation institutions to comprehensively evaluate the technical patents and intangible assets of the enterprise It can be transformed into the operating capital of the enterprise. For example: transfer of patent technology, transfer of part of patent right, realization of paid use of brand, etc. For another example, high-tech enterprises should actively promote IPO, fully utilize the power of China's capital market, comprehensively improve the capital operation of high-tech enterprises, so as to provide impetus for the development of enterprises[3]. In addition, factoring financing and introducing policy guarantee institutions under the option combination mechanism are also financing channels for the future development of high-tech enterprises.

5.2. *Strengthen the recovery management of accounts receivable*

At present, a company has a large number of receivables, which will lead to the lack of sufficient funds for technology R & D activities. Especially, a company is in the stage of rapid development, which needs a large amount of funds for R & D and business expansion of new products. The management of funds, especially the recovery management of receivables, is particularly important. Specifically, we can establish a sound customer credit rating system, classify customer credit rating according to the established credit management system, and reduce the risk of bad debts receivable from the source. For different customers, we can adopt different ways of urging payment, for example, for customers with better credit, we can attract their early repayment by giving cash discount; for customers with poor credit, we need to resort to legal means and take measures as early as possible to ensure that we can obtain equivalent goods to make up for bad debts[4].

5.3. *Control R & D cost and reduce R & D innovation risk*

For high-tech enterprises, R & D innovation risk is the most likely risk in internal control. Therefore, high-tech enterprises must pay close attention to the prevention of such risk. The author suggests that the control of R & D risk should be: prevention in advance, long-term planning, analysis and summary after the event, and integrate R & D risk into the dynamic management of the daily operation of enterprises[5]. For example, in terms of raw materials: improve the independent development ability of key raw materials, reduce the adverse factors of monopoly price on cost control; reserve and train R & D personnel Face to face: we can retain talents to stabilize our R & D team through diversified incentive systems such as equity incentive for core R & D personnel; we can achieve diversified R & D through the integration of internal talents and external talents, constantly obtain rich R & D ideas and help enterprises obtain more external market information, industry information, etc.

6. CONCLUSION

To sum up, in order to better strengthen the financial strategic management and avoid the occurrence of risks, high-tech enterprises must further deepen the new concept of financial strategic management, comprehensively improve the overall quality of employees, and actively promote the sustainable development of high-tech enterprises to the maximum extent.

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