



Research on Financial Management Problems and Countermeasures Based on Financial Statement Analysis –Taking M Company as an Example

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Abstract. With the guidance of the new policy, pharmaceutical manufacturing enterprises are facing development opportunities and challenges. In the next 5–10 years, pharmaceutical manufacturing enterprises will enter a new era. This paper takes the financial statements of M company as the research and analysis object, analyzes the profitability, development and operation ability of M company from the perspective of financial management, and puts forward corresponding solutions and improvement suggestions for the existing problems, so as to improve the financial management ability of M company and promote the long-term development of the enterprise [1]. At the same time, this case study will bring some enlightenment and reference to the financial management of other pharmaceutical manufacturing enterprises, and provide powerful decision-making help for the development of enterprises.

Keyword: financial statements · Financial management · Pharmaceutical manufacturing

1 Introduction

Under the influence of the reform of non-tradable shares in China, most enterprises in China have carried out corresponding financial management reform. Under the environment of reform, the ownership and management rights of the company have gradually changed from a single subject to a multi-subject. How to carry out comprehensive management of enterprises depends on financial management. The role of financial management in the daily business activities of enterprises is becoming more and more important [2]. This analysis has important value and significance, as follows: financial statement analysis can improve the ability to resist financial risks, financial statement analysis can improve the level of enterprise budget management [3], financial statement analysis can monitor the economic business of enterprises.

2 Theory Summarization

2.1 Basic Theory of Financial Statement Analysis

Financial statements refer to the financial status of an enterprise and the operating results of an accounting period over a period of time. Financial statement analysis has the following three basic methods: ratio analysis, comparative analysis and DuPont analysis. The ratio analysis method refers to the comparison of the financial indicators of the relevant data of the financial statements of the enterprise in the same period. Comparative analysis refers to the comparison of an economic indicator in an enterprise's financial statements with the same industry or other companies. DuPont analysis is proposed by the United States DuPont, so also named after the company. DuPont analysis method is characterized by the analysis and evaluation of corporate profitability is the definition of a variety of indicators to reflect the profitability of the system in an orderly combination, in a dynamic and comprehensive way to form a complete evaluation system, and ultimately the profitability of the comprehensive analysis results.

2.2 Basic Theory of Financial Management

Financial management refers to the management of the value of the enterprise. The main purpose of financial management is to explain, guide and evaluate relevant financial activities in order to maximize the value of the enterprise. In simple terms, financial management refers to the economic management of organizing financial activities and dealing with financial relations. The financial activities of enterprises include investment activities, business activities, financing activities and the distribution of profits.

3 M Company Financial Statement Analysis Research

3.1 Basic Analysis of Financial Statement Data

Balance Sheet Analysis.

Asset project analysis.

From the changes in assets of Table 1 M in the past three years, both current assets and non-current assets have maintained an upward growth trend, and the changes in current assets are greater than the changes in non-current assets, especially in 2021. The current asset change rate of M company reached 124.07%, indicating that the scale of operation of enterprises is expanding. From the perspective of proportion, the average

Table 1. M company's asset changes in the past three years Unit (Ten Thousand Yuan)

Project	2019	2020	2021
Current assets	4204	4349	9745
Non-current assets	10350	10540	11580
Total assets	14554	14889	21325

Table 2. M company debt changes in the past three years Unit (Ten Thousand Yuan)

Project	2019	2020	2021
Current liabilities	2311	2387	4265
Non-current liabilities	1883	1061	1143
Total liabilities	4194	3448	5408

current assets in the past three years accounted for 34.59% of the total assets, and non-current assets accounted for 65.41% of the total assets, indicating that the brand effect of the enterprise has been steadily improved, and the company's operating conditions have developed healthily.

Analysis of debt project.

From Table 2 M company's debt changes in the past three years, M company's liabilities in the past three years have shown an increasing trend, especially the current liabilities have developed rapidly. Among them, M company's current liabilities have changed greatly in 2021. Through various details of the balance sheet, it is due to the increase in short-term loans that the current assets have increased by 18.78 million yuan in 2021 compared with 2020, which indirectly indicates that M company's financial leverage has not been fully utilized and its financial application ability is not strong.

3.1.1 Income Statement Analysis

From the profit changes of Table 3 M company in the past three years, affected by the reform of the medical system and price restrictions, the operating profit in 2021 decreased by 556 (million yuan) compared with the operating profit in 2020, resulting in the fluctuation of the profit of the enterprise and the instability of the profitability.

3.2 Index Analysis of Company Financial Management

Operational Capacity Analysis.

According to Table 4 M company's operating capacity indicators, the following conclusions can be drawn: First, the total asset turnover rate of M company fluctuates

Table 3. The profit changes of M company in the past three years Unit (Ten Thousand Yuan)

Project	2019	2020	2021
Operating profit	1469	1983	1427
Plus: non-operating income	19.12	10.3	4.25
Less: non-operating expenses	10.3	91.86	29.16
Total Profit	1477.82	1901.44	1402.09
Less: Income tax expense	232.4	302.3	255.5
Net profit	1245.42	1599.14	1146.59

Table 4. M company operating capacity index table

Project	2019	2020	2021	Industry index
Total asset turnover rate	0.693	0.768	0.618	0.56
Accounts receivable turnover rate	9.974	11.03	9.714	8.19
Inventory turnover rate	5.393	5.367	4.273	3.76

up and down, which is larger than the industry index value as a whole, indicating that the operating capacity of the company is in the middle level; secondly, the inventory turnover rate of M company is decreasing year by year. There are some problems in the inventory management control of M company, so it is necessary to strengthen the inventory management. Finally, the turnover rate of accounts receivable shows a downward trend. There are problems in the management of accounts receivable of enterprises. It is necessary to continuously strengthen management control and reasonably guarantee the cash flow of enterprises [4].

3.2.1 Profitability Analysis

According to Table 5 M's profitability, we can see that M's gross profit margin, net profit margin, return on total assets and return on net assets have all declined to varying degrees, and there are three indicators lower than the standard value, indicating that M's profitability is poor and the market lacks competitiveness.

Development Capacity Analysis.

According to the development ability of Table 6 M company, it can be seen that the growth rate of sales revenue shows a negative growth, especially the profit growth rate, which dropped from 120.56% in 2019 to -28.27% in 2021. The profit has doubled in three years, and the development ability of the enterprise is limited.

Table 5. M company profitability index table

Project	2019	2020	2021	Industry index
Gross sales margin (%)	44.25	43.75	42.36	36.19
Net sales rate (%)	12.53	14.14	10.25	16.83
Return on total assets (%)	8.67	10.86	6.33	10.62
Return on net assets (%)	12.39	14.12	9.14	14.49

Table 6. M company development ability index table

Project	2019	2020	2021	Industry index
Sales revenue growth rate (%)	33.25	13.77	-1.07	17.81
Growth rate of total assets (%)	2.92	2.27	43.23	11.95
Profit growth rate (%)	120.56	28.43	-28.27	8.2

4 Financial Management Problems in the Analysis of M Company's Financial Statements

4.1 Internal Control is Not Perfect

The survey found that M company did not formulate a reasonable and feasible internal control degree of financial management according to its actual needs, but simply imitated the internal control of other companies [4]. At the same time, due to the influence of the concept of traditional pharmaceutical manufacturing industry, financial personnel have a certain deviation in the process of understanding the internal control of financial management. Even if the internal control system is implemented, there are also problems such as insufficient feasibility and incomplete content.

4.2 Poor Profitability

According to the analysis of M company's profitability and development ability, the financial indicators in the past three years have shown different downward trends, especially the change of operating income, which decreased from 113.1 million in 2020 to 11,190. In the context of the epidemic, the increase in the demand for drugs should increase the company's operating income, while M company is on the contrary, showing a negative growth trend, while the company's cost costs continue to increase, so that the company's net profit in 2021 decreased by 4 million yuan, the short-term profitability of the enterprise is poor.

4.3 Low Efficiency of Asset Operation

Through the analysis of M company's operating capacity, we found that the accounts receivable turnover rate and inventory turnover rate showed a downward trend during 2019 and 2021, indicating that M company's asset operation efficiency is low, affecting the stability of corporate cash flow, making the last three years of operating income can not be stable growth, increasing the company's operating risk.

5 Suggestions for Improving the Financial Management of M Company

5.1 Strengthen Internal Control

First of all, M company should establish and improve an effective and scientific internal control system, clarify the internal control responsibilities of various departments, ensure financial processing in accordance with strict accounting standards, implement a strict audit system, and verify and review the vouchers after recording, so as to clarify financial responsibilities and reduce accounting errors. At the same time, it standardizes the accounting process and achieves reasonable division of labor. Secondly, M company should build an internal audit system and carry out regular or irregular inspection of the relevant work of enterprise financial accounting [5].

5.2 Improve the Quality of Profitability

First of all, in order to improve the quality of profit, M company should establish and improve cost control measures according to the needs of enterprise development, strictly budget the cost, analyze the advantages and disadvantages of different budget schemes when adopting various cost budgets, and conduct follow-up evaluation of the cost situation that has occurred.

5.3 Improve Asset Operation Efficiency

On the one hand, the establishment of accounts receivable credit management department in the management of accounts receivable, responsible for the management of enterprise accounts receivable. On the other hand, in inventory management, according to its own business model and development strategy, a perfect management system is established for inventory, and inventory procurement, warehousing, sales and other links are strictly controlled [6]. At the same time, when actively introducing inventory management technology, the dynamic reflection of inventory information is realized, and the internal resources of the enterprise are effectively integrated, so as to improve the accuracy and timeliness of inventory cost accounting, so as to continuously promote the efficiency of enterprise inventory management [6].

6 Conclusion

The analysis of financial statements plays an important role in promoting the financial management activities such as financial internal control and financial risk avoidance of enterprises [7]. This paper makes a comprehensive analysis of the financial situation of M company in the past three years by introducing the financial statements of M company, and obtains the financial management problems faced by M company at this stage, and puts forward corresponding solutions to improve the financial management ability of M company. Therefore, this paper makes a comprehensive analysis of financial management from the perspective of financial statements, hoping to provide some suggestions and help for the industry.

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