WAYS TO STRENGTHEN THE FINANCIAL STABILITY AND LIQUIDITY OF SEED PROCESSING ENTERPRISES

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Abstract. This paper analyzes the financial stability of cotton and wheat seed processing enterprises using the current ratio, financial independence ratio, and share of liabilities in total assets. Based on balance sheet data for 2022–2025, the enterprises' short-term solvency and dependence on borrowed funds are assessed. The analysis reveals that the share of liabilities increased at both enterprises in 2025. Accordingly, recommendations are proposed for improving working capital management and limiting the debt burden.

Keywords: financial stability, liquidity, current assets, current liabilities, financial independence, debt burden, solvency.

In seed processing enterprises, raw material procurement, production, storage, and sales processes may not fully coincide in terms of timing. Expenses are generally incurred at the beginning of the season, while sales revenue is received in subsequent periods, thereby increasing the need for working capital. When this need is financed through borrowed funds, liquidity and financial stability must be monitored regularly.

Financial stability reflects the relationship between an enterprise's equity and borrowed funds, whereas liquidity indicates its ability to cover current liabilities with current assets. The use of debt may enable an enterprise to expand its production scale; however, when liabilities grow more rapidly than profit and cash flows, financial risk increases [5]. The comparability of financial statements helps determine whether this risk is increasing or decreasing over time [6; 7].

The study employed the balance sheet method, vertical analysis, and financial ratio analysis. The current ratio was calculated as the ratio of current assets to current liabilities. The financial independence ratio was calculated as the share of equity in total assets, while the share of liabilities was determined as the ratio of total liabilities to total assets. The dynamics of these indicators make it possible to assess changes in the enterprises' financing structures.

Table 1

Liquidity and Financial Stability Indicators

Enterprise	Year	Current ratio	Financial independence ratio, %	Liabilities as a share of total assets, %
RISHTAN BEST SEEDS LLC	2022	0.92	89.36	10.64
	2023	1.46	77.25	22.75
	2024	1.57	77.24	22.76
	2025	1.16	31.03	68.97
TASHKENT BEST SEEDS LLC	2022	1.23	24.61	75.39
	2023	1.27	51.54	48.46
	2024	1.44	54.57	45.43
	2025	1.29	39.83	60.17

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Source: Author's calculations based on Forms No. 1 and No. 2 of the enterprises' financial statements.

In 2022, the current ratio of RISHTAN BEST SEEDS LLC was 0.92, indicating that its current assets were insufficient to fully cover its short-term liabilities. The ratio improved to 1.46 in 2023 and 1.57 in 2024, respectively. However, it declined to 1.16 in 2025. Although current assets exceeded current liabilities, the substantial share of accounts receivable within current assets may have limited the enterprise's actual solvency. Therefore, the current ratio should be analyzed together with the qualitative composition of current assets.

The financial independence ratio of this enterprise decreased from 89.36% in 2022 to 31.03% in 2025. Meanwhile, the share of liabilities in total assets increased from 10.64% to 68.97%. In particular, total liabilities reached UZS 51.8 billion in 2025, while the enterprise recorded a net loss. These circumstances weakened its capacity to repay debt. Under such conditions, before obtaining additional financing, the enterprise should prepare a detailed plan covering the maturity, cost, and repayment sources of its existing liabilities.

At TASHKENT BEST SEEDS LLC, the current ratio increased from 1.23 in 2022 to 1.44 in 2024 and amounted to 1.29 in 2025. The financial independence ratio improved from 24.61% in 2022 to 54.57% in 2024 but declined to 39.83% in 2025. In the same year, liabilities accounted for 60.17% of total assets. Although the enterprise remained profitable, its liabilities grew at a faster rate than its equity.

Both enterprises became more dependent on borrowed funds in 2025. This trend may be explained by the expansion of their operating scale. However, if resources financed through debt do not generate sufficient income, financial pressure increases. Expanding private-sector participation in agricultural value chains creates additional financing opportunities, but it also increases the importance of effective corporate governance and financial discipline [8].

When managing financial stability, enterprises should monitor the payment schedule, the maturity structure of accounts receivable and accounts payable, short-term cash flow forecasts, and debt burden limits within an integrated system. When the current ratio declines, the enterprise should first identify slow-moving inventories and overdue receivables. If the financial independence ratio decreases sharply, management should consider retaining profits within equity, replacing short-term debt with longer-term financing, or reducing non-income-generating assets.

The analysis for 2022–2025 demonstrates that liquidity and financial stability indicators in seed processing enterprises do not necessarily move in the same direction. Current assets may nominally cover current liabilities, while accounts receivable and inventories within those assets may limit their rapid conversion into cash. In 2025, the financial independence ratio fell to 31.03% at RISHTAN BEST SEEDS LLC and to 39.83% at TASHKENT BEST SEEDS LLC. It is therefore recommended that the enterprises maintain a weekly payment schedule, prepare a collection schedule for accounts receivable, establish internal limits on the growth of liabilities, and link borrowing decisions to projected cash flows.

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