

Existing Problems and Suggestions of Enterprise Financial Statement Analysis—Yonghui Supermarket as an Example

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Abstract: In the development of the capital market, financial statements are the main way for investors to understand the public disclosure of listed companies, which has also become the focus of analysis and attention of investors, regulators and research institutions. A comprehensive and systematic analysis of financial statements is an important way to gain a deeper understanding of a company. Through this analysis, risks can be known in advance, opportunities can be identified, market operation can be enhanced, and healthy development of the market can be promoted. In this paper, we explore the analysis of corporate financial statements and analyze the current situation of financial reports of Yonghui Supermarket as an example, firstly, we give an overview of the theoretical knowledge related to financial statement analysis, secondly, we understand the problems of corporate financial statement detail preparation to be improved, then we propose suggestions to optimize the analysis of corporate financial statements, and in order to deepen To explore the situation of enterprise financial statement analysis, we analyze the financial statement situation of Yonghui Supermarket and put forward corresponding suggestions for its problems, hoping that we can optimize the analysis of enterprise financial statements and let enterprises optimize their own business activities in a targeted manner.

Keywords: Financial statement analysis, Financial risk management, Yonghui Supermarket

1. Theoretical knowledge of financial statement analysis

1.1. Definition of financial statements

In the enterprise's own business activities, the definition of financial data statement is divided into two aspects, in which the narrow definition proposes that the financial statement itself belongs to the business activities of the indicators summarized to present the evidence, and the relevant managers or decision makers according to its data situation can be targeted to explore the development status or changes of the enterprise today; while the broad definition is on the basis of the narrow definition not only involves the internal enterprise's own changes The broader definition is based on the narrower definition, which not only involves the internal changes of the company itself, but also allows the assessment of market development prospects based on the changes in the data, so as to optimize the development of the business process in general[1].

1.1.1. Purpose of financial statement analysis

1) To help companies improve their management practices

The reports formed by using financial data not only help to improve the management of the business process, but also enable the processing and processing of financial data, so that the management of the enterprise can understand the overall reform of the enterprise through the data, and the enterprise itself according to the changes in the data to find the details of the risks in the development process, to confirm the resources of the industrial chain, so as to promote the value of the enterprise Maximize the value of the enterprise and optimize the management activities.

2) Enhance risk awareness and realize rational investment

The financial indicators can be used to determine the problems in the statements, and the cash flow and other profitability data can be used to enhance the investment planning. At the same time, the financial data itself can be used to let the relevant managers understand the state of the enterprise today

and use its capital flow to optimize risk management measures, which has an important role in the development of the enterprise itself. In addition, for the external market investors themselves, the use of its various financial analysis statement data changes can also provide the basis for investors to understand the changes of the subject itself, so that the relevant stakeholders to target investment activities, thereby reducing their own losses occur[2].

1.1.2. Classification and role of financial statements

Generally speaking, financial statements are divided into four types of statements: assets, profit, equity and cash flow, and a reasonable analysis of these statements has a differentiated role investment. On the other hand, if the corresponding data of different statements are explored, the state of different aspects of the enterprise can be understood for different statements, for example, the balance sheet can explore the state of the enterprise's own assets and liabilities, and understand the state of solvency through current and quick ratios and assets and liabilities, or analyze the enterprise's own profitability by understanding the profit ratio, etc., which can help enterprises or individuals to build corresponding evaluation choices for the real data situation. These can help enterprises or individuals to construct corresponding evaluation choices for the real data situation.

1.1.3. Common methods of financial statement analysis

1) Ratio analysis method

Ratio analysis is applied to the internal application of the statements, which is different from the ratio analysis method, it is used to reveal the company's operating conditions by comparing the relevant internal data, and there are three main forms. The first is the composition ratio, which refers to the ratio relationship between indicators and the total, and can be used as a basis for splitting the total and for indicating specific factors affecting the total at the block selection. The second is the correlation ratio, which usually refers to the relationship between two or more factors. Since there is usually some connection between two factors that cannot be seen visually, it is possible to take advantage of the relationship that exists between them to establish some connection, and in this way, conclusions can be drawn about the financial situation. Finally, the efficiency ratio, which is used to reveal the relationship between inputs and outputs, can also be used to analyze the shortcomings within the company and help the company to quickly identify its shortcomings[3].

2) Structural analysis method

The key point of using structural analysis is to identify the key items first, and then convert the specific amounts into the corresponding ratios by combining the specific report data. Usually, this form of coincidental ratio can reveal some apparently unrelated data exist between the structure of the relationship that can easily be ignored.

3) Factor analysis method

According to the requirements, the starting point of the factor analysis method is a comprehensive indicator, and the selection of this indicator requires some focus. By analyzing the financial data and breaking down the factors, the staff will be able to determine the impact on the total indicators, and then quantify and target the key indicators. It is important to note that if a factor has been used for analysis and has changed, it cannot be restored and the test should be continued with the changed data.

4) Trend analysis method

The concept of the trend analysis method is to compare and analyze the data indicators of different periods and observe the change in the rate of increase or decrease during the comparison period, and then analyze the specific data to visualize the change of increase or decrease in a certain period of time, so as to obtain the trend of the indicator. If you go further, you can also find out the main reasons for the changes in the data.

1.2. The problems of enterprise financial statement analysis

1.2.1. Unscientific financial statement analysis

At present, the analysis method of enterprise financial statements is still limited to the basis of traditional analysis methods, which greatly reduces the accuracy of the company's accounting data and leads to the existence of false components in the analysis of financial statements, thus failing to reflect the real enterprise financial situation, operating results and cash flows and other aspects of the existence of problems. In addition, many of the analysis methods used in the analysis of corporate

financial statements are not rigorous enough, thus responding to changes in various data in a timely manner, reflecting incorrect non-digital information and causing many loopholes. In addition, there are also financial statement analyses that cannot be combined with the economic development situation and cannot accurately reflect the actual earnings of the enterprise in a deteriorating economic environment, which in turn affects the assessment of the enterprise's performance and the analysis of its solvency, thus affecting the normal operation and development of the enterprise. Secondly, the accounting system and accounting standards for financial statement analysis are outdated laws and regulations, which not only do not meet the pace of development of the current era, but also the cumbersome system affects the operational efficiency of the company. There is also a large degree of subjectivity in the formulation of accounting policies, which can lead to corporate managers focusing only on corporate interests, thus affecting the authenticity of corporate financial statement data[4].

1.2.2. The preparation of financial statement details needs to be improved

Through the analysis of the indicators of the enterprise financial statements, it can be seen that the overall effect and quality of the analysis of financial indicators by enterprises is not very good, which is due to the fact that some data in the financial statements are not shown, such as the breakdown of taxes paid is not reflected, and the items included in fixed assets are not analyzed, etc. This situation has the following factors: first, because enterprises have not formulated First, because companies do not have appropriate standards for the preparation of financial statements, analysis activities are carried out without guidance and progress is slow; second, there is a general lack of standardization in the preparation of financial indicators, which leads to incomplete data in the financial statements of companies. On the other hand, since enterprises do not have a relevant preparation system formulated in a targeted manner, the quality of analysis of financial indicators of enterprises is affected to a certain extent; finally, the analysis method of each data in financial statements is too single to select a suitable analysis method for the current operation situation, which ultimately makes it difficult to give effective information support for enterprises to make business decisions[5].

1.3. Suggestions for optimizing the analysis of enterprise financial statements

1.3.1. Improve the overall financial statement analysis method and perfect the system

First of all, we should improve the traditional financial statement analysis method used by enterprises, and use the new financial statement analysis method with a positive attitude, specifically through the following aspects: first, trend analysis. By using the trend analysis method, we can make a reasonable analysis of the financial statements, so that we can make an effective analysis of the trend of the company's financial situation and make decisions for financial forecasting, and make up for its inability to cope with new indicators. The second aspect, comparative analysis, is that comparative analysis can also be combined with non-linear and linear structures such as graphical structures to analyze financial statements, which will improve the flexibility of comparative analysis and thus enable a better analysis of the company's financial statements.

The main thing is to abolish the relatively backward system that exists in the company and to combine the modern economic development of the present in the development of the new system, so that the system can be brought into line with the present economic times. In addition, efforts should be made to narrow the gap between the accounting system and accounting standards and real life.

1.3.2. Improve the risk control system

In the enterprise's budget management, the enterprise can take the project budget as the basic link in the capital budget, and at the same time strengthen the close connection with the authorization system, so as to effectively control the extra-budgetary expenditure and strengthen the company's control ability and level. First, reasonably distinguish the level of risk-bearing subjects. To strengthen the communication with relevant stakeholders, we should communicate with them in a timely manner when formulating profit distribution plans and handle the relationship well, so as to help the enterprise find a balanced point when distributing profits, so as to meet the requirements of stakeholders and reduce the risk of revenue distribution of the enterprise, and make the enterprise develop better in the long run. Second, optimize the principles related to risk allocation. Flexible revenue allocation according to the development situation of the enterprise. When the enterprise's profitability is good but the liquidity is unstable, the distribution policy of normal dividend plus additional dividend can be adopted. When the enterprise's net profit is insufficient, the amount of dividend can be slightly lower but still should be maintained at a normal level, so that the corresponding policy can stabilize investors' emotions and avoid causing too much psychological gap to investors. Finally, the enterprise can also

set up special personnel to monitor and review the enterprise's financial affairs, punish those who violate the rules, and reward the excellent employees, so as to fully mobilize the enthusiasm of the enterprise's employees.

2. Case Study

2.1. Company Profile

Founded in 2001 and headquartered in Fuzhou City, Fujian Province, it was listed on the Shanghai Stock Exchange in 2010 and is one of the top 500 enterprises in China. It is one of the first distribution enterprises in Chinese mainland to introduce fresh agricultural products into modern supermarkets, and has been hailed by seven national ministries as a model of "agricultural to super" promotion in China, and by the people as "People's Livelihood Supermarket, People's Yonghui". It is one of the leading enterprises in "circulation" and "agricultural industrialization".

2.2. Analysis of the financial statements of Yonghui Supermarket

2.2.1. Balance Sheet

Table 1: Balance Sheet of Yonghui Supermarket (Unit: RMB billion)

Section/Year	2017	2018	2019	2020	2021
Monetary funds	46.08	47.33	71.29	120.1	91.63
Total current assets	203.4	239.5	310.7	331.8	287.1
Total non-current assets	125.3	156.7	212.9	229.8	426.0
Total assets	328.7	396.3	523.5	561.6	713.1
Total current liabilities	123.1	199.5	314.9	348.9	340.9
Total non-current liabilities	1.512	2.442	4.116	8.715	261.4
Total liabilities	124.6	201.9	319.0	357.6	602.3
Total owners' equity	204.1	194.3	204.5	203.9	110.8

From the data in Table 1, it can be seen that the enterprise's monetary capital is in an unstable state, which proves that the enterprise's business activities are carrying out various investments or other behaviors, and from the aspect of assets, the enterprise's assets are in a steady rise, which is important for the stable development of the enterprise. In terms of liabilities, they are also on the rise, which may be a sign that the enterprise is expanding its market scale to compete and develop, and in this case, it is also necessary for the enterprise to build corresponding management measures to promote the normal development of its capital structure.

2.2.2. Income statement

Table 2: Income Statement of Yonghui Supermarket (Unit: RMB billion)

Section/Year	2017	2018	2019	2020	2021
Operating revenue	585.9	705.2	848.8	932.0	910.6
Operating Costs	463.8	549.0	665.7	732.8	740.3
Operating profit	19.41	12.64	16.40	22.85	-48.28
Total profits	20.33	14.49	17.77	21.74	-47.22
Net Profit	16.85	9.974	14.53	16.53	-44.95
Total consolidated revenue	16.55	9.984	14.53	16.51	-44.93

Through the data in Table 2, it can be found that the enterprise is in the overall state of rising operating revenue, and operating costs are also in this trend, except for 2021, which is affected by the epidemic, the enterprise has a loss, and the operating profit is in the overall state of growth, which proves that the enterprise's revenue is much larger than the cost, and the enterprise is in the development state, and if it wants to improve its own operating revenue, it can further improve the level of cost control.

2.2.3. Cash flow statement

From the data in Table 3, we can see that Yonghui Supermarket has a high flow of capital investment in its operation activities, but it has been in a positive growth state, and from the investment aspect, we can also see that the enterprise does not spend much on investment, perhaps because the

enterprise itself is in the industry, so it mostly uses the operation to obtain the required funds.

Table 3: Cash Flow Statement of Yonghui Supermarket (Unit: RMB billion)

Section/Year	2017	2018	2019	2020	2021
Subtotal cash inflow from operating activities	698.9	847.4	996.2	1088	1033
Subtotal cash outflow from operating activities	672.4	829.8	992.1	1027	974.8
Net cash flows from operating activities	26.47	17.61	4.163	61.40	58.27
Subtotal cash inflow from investing activities	26.42	54.58	47.19	60.47	32.21
Subtotal cash outflow from investing activities	20.31	31.55	54.51	84.30	91.26
Net cash flows from investing activities	-25.24	-11.44	-13.33	-19.54	-30.67
Subtotal cash inflow from financing activities	7.987	55.27	121.6	159.8	156.1
Subtotal cash outflow from financing activities	14.30	32.22	62.57	158.8	224.7
Net cash flows from financing activities	-6.313	23.05	59.00	1.062	-68.56

2.3. Problems found through the analysis of financial statements of Yonghui Supermarket

2.3.1. Insufficient attention to income statement analysis

The reasonable use of financial index data can not only evaluate the operation of Yonghui Supermarket, but also analyze the possible management risks and explore its operation potential at a deeper level in order to improve its overall market competitiveness. This affects the rationalization between indicators.

2.3.2. Lack of control over the analysis of the balance sheet

Generally speaking, Yonghui Supermarket will inevitably need a large amount of capital for its operation in its development, however, combined with the actual situation in its financial data Yonghui Supermarket itself has less long-term liabilities, and the level of its liabilities has unreasonable problems, and it does not explore the situation of various debts in the perspective of liabilities in the process of controlling the enterprise's liability statement, which proves that the enterprise is not timely in controlling the liability statement and starts to solve problems only after they occur. Affect the enterprise asset structure, causing the capital risk to intensify.

The design of indicators is too much and too complete, resulting in overlap and crossover between indicators.

Through the cash flow analysis of Yonghui Supermarket, it is found that there are many data involved in it. Due to the excessive number of cash flow analysis indicators designed and the overlapping or crossover of information in each indicator, the actual business development is hindered, and the cash flow analysis indicators cannot reflect their meaning effectively. For example, when the decision-making level of Yonghui Supermarket wants to know the ratio of principal and interest repayment of debt due to operating activities to total cash debt, but since both have the same ratio of principal due to debt to total debt for the current period, the data obtained after calculation are exactly the same, which increases the unnecessary calculation process of staff, which not only wastes time but also wastes human resources[6].

3. Suggest relevant countermeasures to the problems of Yonghui Supermarket

3.1. Improve the income statement analysis and control system

In the daily business activities of Yonghui Supermarket, in order to optimize the income statement analysis and maximize the benefits of Yonghui Supermarket, in addition to reasonable control of its own costs, it is also necessary to establish a control system in the process of income statement analysis, so as to scientifically control all kinds of risks, update the reports in real time so as to understand the use and spending of various assets, promote the realization of profitability, and ensure the operational aspects and financial management. To ensure the safety of business and financial management, to make the analysis of financial statements more in line with the development model of the times, and to reduce the possession of funds.

3.2. Optimize the balance sheet analysis system

However, the analysis of the financial statements of Yonghui Supermarket shows that the company has not paid much attention to the indicators of the balance sheet analysis during its development, for example, the company relies on its own existing capital to carry out business activities and has little debt. This situation may reduce the risk problem caused by the enterprise's untimely statement analysis, but it may still be unable to repay the relevant debts in a timely manner due to insufficient attention to the statements. In this case, it is necessary to optimize the balance sheet analysis system, combine its associated indicators with other statements, and then form a better statement analysis workflow to explore the indicators in the enterprise's balance sheet, so as to achieve a stable overall capital structure.

3.3. Strengthen the company's cash flow management

Although the financial statements can help to fully grasp the business situation and current performance of Yonghui Supermarket, it is not possible to fully understand the problems of Yonghui Supermarket only through the data in the financial statements. At the same time, data analysis of financial statements needs to be reasonably applied through a variety of analysis methods, and the business situation of Yonghui Supermarket cannot be determined through simple analysis of statement data. The financial analysis should adopt multiple analysis methods to analyze Yonghui Supermarket in a comprehensive and systematic manner, and in the process of analysis, it is necessary to consider the factors that may occur in the process of operation to improve the rationality and effectiveness of the financial analysis and reduce the errors in data analysis by decision makers when using the statements for decision making[7].

4. Conclusion

Financial statement analysis is to summarize and analyze the basic financial situation, cash flow and operating results of an enterprise in a specific period or at a specific point in time, which not only helps the enterprise to understand and utilize the past financial information, but also enables the enterprise to effectively evaluate the current financial situation and reasonably predict the development trend of the enterprise in the future. Financial management is also very important for enterprises. In the process of developing strategies, companies have encountered difficulties in financial management due to various reasons. In addition, with the advent of the new era, the development of enterprises is facing more and more pressure, therefore, enterprises must have a long-term strategic vision and carry out financial management innovation in order to develop in the increasingly severe survival environment.

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