Financial analysis as a business management tool

S u m m a r y

The purpose of the study is to present the essence of financial analysis and its importance for business management. The main thesis is that such analysis is an extremely important management tool, whose application determines the true effectiveness of using all of a company's resources. Therefore, the initial chapters of the paper present the objectives of the company and its organizational forms in Poland, the essence of financial management and the internal and external determinants of this process. Particular attention is paid to the crucial aspects of enterprises' external setting, in particular financial markets and the global financial environment.

Correct decision-making requires an awareness of the volatility of the value of money over time and the ubiquitous risks in economic decisions. These methods enable both factors presented in Chapter Two to be taken into account in economic decisions, which then leads to an analysis of the sources of finance for enterprises, with distinctions being made between external and internal, own capital and borrowed capital.

In subsequent chapters, the sources of financing for the company – internal and external, own and foreign – are analysed. The next part of the paper is devoted to explaining the essence of financial analysis and its methods, as well as indicator analysis. Sub-chapter 6.5 discusses the extension of classical indicator analysis – multidimensional discriminatory analysis – which is a synthetic tool for predicting the bankruptcy of a business.

Financial analysis is most frequently of an *ex post* and *ex ante* nature. The former uses historical data to draw conclusions about the company's past. The latter is related to forecasting and financial planning. The author analyses the essence, functions and tools of financial planning. This discussion is preceded by an analysis of a future investment project that is based on a project-related cash flow statement.

In Anglo-Saxon management theory, the purpose of an enterprise is to maximize its market value. The last part of the study is therefore devoted to an analysis of the value of the enterprise, which forms the basis of management decisions intended to increase its market value.