FINANCIAL RISK STUDY AS A TOOL FOR EFFICIENT MANAGEMENT OF THE TRANSPORT ENTERPRISE

Emiliya Vaysilova
“Todor Kableskiov” University of Transport, Sofia, Bulgaria

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Abstract
A significant part of the enterprises in the transport sector of the Republic of Bulgaria belongs to the small and medium business. Typical of this business is that it is particularly prone to financial difficulties. The reason for this is the lack of opportunities to adapt to rapidly changing market conditions. It is vital for this kind of businesses to carefully monitor their financial position, especially given that potentially serious problems are not always immediately noticed. It is necessary to diagnose the risk situations in a timely manner, i.e. to be predicted and if there are symptoms of financial problems, it is imperative to act quickly and adequately. Different methods are used to detect the sources of risk - the sensitivity method, the scenario method, etc. Over the past twenty years, in the international theory and practice, a method is used that allows managers to fix the financial difficulties, the risk of insolvency and bankruptcy of firm. This is the so-called Z-score model – an analysis model created in 1968 by Edward Altman, an Assistant Professor of Finance at New York University. This article studies the possibility of practical usage of Z-score prognostic model to forecast future problems and predict bankruptcy of transport companies. The financial risk analysis of the enterprise is realized using two models. As a first step, the four-factor model, developed specifically for service companies (such as transport companies), is implemented. For more precision, the five-factor model is also applied - that is recommended for private, non-financial companies. The results obtained from the study are interpreted and the relevant conclusions are drawn about the financial position of the enterprise under review. The results obtained by applying the two methods are almost identical, but these connected with the four-factor model are slightly more positive. This leads to the conclusion that, when predicting financial difficulties, the Z-model should be combined with other means of analysis to ensure greater accuracy. The conclusion of the paper is that, in order to manage the

Address of the author:
Emiliya Vaysilova
emvais@abv.bg
financial risk, the factors that determine it must also be investigated. These factors are two types - objective and subjective. The management of the enterprise can not influence the objective factors (level of economic development of the country, the rate of inflation, level of competition). It has to comply with them. Influence of company management can only be on the subjective factors (capital, financial, property structure, qualification of financial specialists) that need to be continually studied and analyzed. Continuous monitoring of financial risk in all its diversity is required. Only such a multi-dimensional approach can establish a reliable system of analysis and assessment of the financial stability of enterprises within dynamically changing conditions and continuous financial risk.

**Keywords:** transport enterprise, management, financial risk, solvency, bankruptcy forecasting, z-score model for analysis

**WORKS CITED**


