

EVALUATING BANKRUPTCY RISK THROUGH A FINANCIAL AND ACCOUNTING DIAGNOSIS - CASE STUDY AT SC TEHNOFAVORIT SA BONȚIDA

Ileana ANDREICA¹, Lucica ARMANCA¹

E-mail: iandreica@usamvcluj.ro

Abstract

In global economy as well as in the Romanian economy, labeled as competitive, the risk is there that the existence and viability of a business' present and future results might be put under the threat of unpredictable events. Assessing and evaluating the financial state of health of a company through a financial-accounting diagnosis requires assessing the risks going along with the company activity, some of which may point out its fragility or vulnerability, and others may prefigure bankruptcy or insolvency that may threaten its survival and continuity. The target of analysing the entity's economic activity is to check out and demonstrate that the level of the operational risk is determined by costs achieved and their structure, fixed and variable. Financial risk is analysed as profit sensibility, the risk level being determined by financial costs.

Key words: financial-accounting diagnosis, operational risk, financial risk, economic profitability

¹ USAMV Cluj-Napoca