

***Gorelova Natalia Sergeevna***

candidate of economic sciences, associate professor

***Mishulina Olga Vladimirovna***

doctor of economic sciences, professor

Kostanay Branch FSBEI of HE «Chelyabinsk State University»

Kostanay, Republic of Kazakhstan

## **EVALUATION OF THE FINANCIAL RESULTS OF THE ORGANIZATION**

***Abstract:*** *the importance of the financial results of the activity of the business entity increases in conditions of market relations and economic independence and, as a result, the role of integrated economic analysis increases, which makes it possible to identify reserves for increasing the efficiency of economic activity, to assess its financial results. The study shows the comprehensive analysis methodology and approach to evaluating the financial results of the organization's economic activity. General scientific and unique economic analysis methods of the organization's financial activities were used for the study. The result of the study was scientifically substantiated directions for improving the economic activities of the organization, necessary to increase its financial results.*

***Keywords:*** *organization, economic activity, gross profit, net profit, profitability, operational and financial leverage.*

***Горелова Наталья Сергеевна***

канд. экон. наук, доцент

***Мишулина Ольга Владимировна***

д-р экон. наук, профессор

Костанайский филиал

ФГБОУ ВО «Челябинский государственный университет»

г. Костанай, Республика Казахстан

## **ОЦЕНКА ФИНАНСОВЫХ РЕЗУЛЬТАТОВ ОРГАНИЗАЦИИ**

***Аннотация:*** *в условиях рыночных отношений и экономической независимости возрастает значимость финансовых результатов деятельности*

хозяйствующего субъекта и, как следствие, возрастает роль комплексного экономического анализа, который позволяет выявить резервы повышения эффективности хозяйственной деятельности, оценить ее финансовые результаты. Исследование демонстрирует методологию комплексного анализа и подход к оценке финансовых результатов хозяйственной деятельности организации. Для исследования были использованы общенаучные и уникальные методы экономического анализа финансовой деятельности организации. Результатом проведенного исследования стали научно обоснованные направления совершенствования хозяйственной деятельности организации, необходимые для увеличения ее финансовых результатов.

**Ключевые слова:** организация, экономическая деятельность, валовая прибыль, чистая прибыль, рентабельность, операционный и финансовый рычаги.

Evaluation of financial results is interrelated with their analysis. Financial results are analysed, dividing them into components or elements to explore their essence. So, to manage profit, you need to know the primary sources of its receipt and the factors that determine its value. The more detailed we investigate, the more effectively we can manage the process of generating financial results. At the same time, when studying the value of profit, it is also necessary to consider the relationship and interaction of factors that form its level [1, p. 132].

Analysis of the financial results of business activity precedes its assessment. Assessment is logically the next step after research, which usually leads to any management decision. The financial results of economic activity are assessed to establish the significance of its elements and their compliance with specific qualitative standards or parameters. The evaluation gives the idea of the financial performance characteristics of the organization [2, p. 51]. The assessment allows comparing several analyzed objects of an organization's economic activity and financial results.

However, the analysis and assessment of the financial results of an organization's business are interconnected concepts, and we cannot carry them out separately. The analysis of literary sources on the topic of the study showed that the assessment of the

financial results of the organization's economic activity we most often understand as characteristics obtained as a result of a simultaneous and coordinated study of the set of indicators reflecting all (or many) economic processes aspects [3, p. 142]; method of accumulation, transformation and use of information of financial and economic nature for determination of the financial and economic state of the enterprise [2, p. 8]; enterprise management element, management activity stage [4, p. 36]. The presented approaches to assessing the financial results of the organization's economic activities do not contradict each other but most fully disclose its content as an essential part of the theory and practice of management.

The comprehensive assessment of the business activities' financial results we base on a system of indicators that cover all aspects of the functioning of the business entity: sales revenue, sales costs, profit, profitability level and balance sheet currency. Yield and profitability are generalizing indicators of the commercial enterprise. They reflect the efficiency of material, labour and financial resources and are inextricably linked with the main results of financial and economic activities.

Within the framework of this study, the mechanism for generating the enterprise's financial results for the power supply was assessed, presented in Table 1.

Table 1

Factors of generation of the enterprise's profit on power supply, million tenge

д Rates	2018–2019	2020–2021
Sales revenue	10219	13417
Cost of sales	9872	12935
Gross profit	347	482
Business and management Expenses	277	359
Sales profit	70	123
Other incomes	3	169
Other expenses	12	208
Operating profit	61	84
Cost of financing	3	17
Pre-tax profit	58	67
Income tax expenses	13	21
Net (retained) profit	45	46
Sales profit index	1,00	1,76
Sales revenue index	1,00	1,31

Balance currency index	1,00	1,14
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In general, for 2018–2021. the company's revenue from the sale of products increased by 3198 million tenges or 1.31 times. In 2018–2021, the cost of electricity sold increased by KZT3,063 million or 31.0%. In general, during the analyzed period, profit from sales at the enterprise increased by 53 million tenges or 1.75 times. We calculate the operating profit of the enterprise (profit before interest and taxes) by taking into account other income and expenses. The other income for the enterprise increased from 3 million tenges to 169 million tenges and the number of other expenses – from 12 million to 208 million tenges. As a result, the operating profit for the period under review increased by 23 million tenges or 37.7%. This amount was enough to pay interest and taxes and generate a positive net (retained) profit. For 2018–2021. the amount of retained earnings of the enterprise increased by 1 million tenges.

Let's consider the relationship between the change in the indices of profit from sales, revenue from sales and the balance sheet currency for the analyzed period:

$$1,76 > 1,31 > 1,14 > 1$$

Each component of this expression characterizes the dynamics of cost and financial resources. So, suppose the sales profit index (1.76) is higher than the revenue index (1.31). In that case, this characterizes the relatively low growth rate of production costs and an increase in the enterprise's profitability level. Suppose the sales revenue index (1.31) is ahead of the balance sheet currency index (1.14). In that case, this characterizes an increase in the efficiency of the use of production resources, but capital gains are not sufficient. If we consider the generally presented ratio, it indicates a decrease in the efficiency of using the economic potential of the enterprise.

For an objective assessment of the financial results of the enterprise's activities, it is not enough to know only the absolute value of the types of profits received. We should also analyse relative profitability indicators (Table 2).

Table 2

Indicators of profitability of financial and economic activities  
of the enterprise for power supply

Rates	2018–2019	2020–2021
Cost profitability, %	3,5	3,7
Sales profitability, %	0,68	0,99
Operating profitability, %	7,8	9,4
Total assets profitability, %	5,7	5,1
Equity profitability, %	31,4	35,7

In general, for 2018–2019, all profitability indicators tend to grow, but their growth rates are insufficient.

The economic assessment of the financial results of the power supply enterprise revealed problems with their growth. We can combine all issues identified in the enterprise into two groups: organizational problems and economic problems.

Among the organizational problems of improving the financial results of the energy supply enterprise are:

- lack of an effective motivational mechanism for the remuneration of personnel.

It is proposed to use a balanced approach to the formation and effective use of funds for wages to solve this organizational problem, which takes into account the interrelated dynamics of wage growth and labour productivity;

- insufficient provision of labour resources at the enterprise.

At the same time, there is a high level of staff turnover. This is manifested in the fact that in 2020–2021. the company employed 294 people instead of 299 people. According to the plan, the relative deviation of the number of employees from the program was five. The main reason for this is the low level of the motivational mechanism of remuneration. Based on this, the energy supply enterprise needs to use along with methods of economic motivation (salary, bonus, surcharges, benefits, etc.), also forms of social (public recognition, gratitude), psychological (sense of self-importance) and moral motivation (personal or public award).

- high level of staff turnover at the enterprise. We should analyse the reasons why people leave the enterprise more carefully.

Among the economic problems of improving the financial results of the enterprise, one can single out the following:

– reduced efficiency of using the economic potential of the enterprise. Based on this, it is proposed to increase the growth rate of labour productivity compared to the growth rate of its stock ownership;

– reduction of financial stability and solvency. It is proposed to increase the amount of equity, the transition from an aggressive scheme of financing assets to a moderate (compromise) approach;

– increasing the level of operational and financial risk. For this, it is proposed to systematically conduct a quantitative assessment of the degree of risk and manage its harmful impact with the possibility of reducing the level to a minimum value, as well as predicting events with high uncertainty;

– bankruptcy risk. To prevent the risk of bankruptcy at the enterprise, we propose to regularly diagnose the risk of crisis to determine the degree of insolvency and financial dependence, as well as predict development to clarify the timing of the restoration of financial and economic equilibrium or the timing of actual bankruptcy.

The proposed directions for improving the company's economic activities will increase its financial results (Table 3).

Table 3

## Calculation of economic efficiency of the power supply enterprise for the future

Rates	2020–2021 тг.	Estimation	Variance +,-
Sales revenue, mln. tenge	13417	15430	+2013
Sales cost, mln. tenge	12935	14617	+1682
Gross profit, mln. tenge	482	813	+331
Sales profit, mln. tenge	123	698,2	+575,2
Labor productivity, mln. tenge	45,6	51,6	+6,0
Fodder return, tenge	41,9	47,4	+5,5
Working capital ratio	23,6	27,1	+3,5
Level of operational and financial leverage	13,7	10,8	-2,9
Cost profitability, %	3,7	5,6	+1,9 п.п.
Sales Profitability, %	0,91	4,5	+3,59 п.п.

The level of annual labour productivity at the enterprise will increase by 6.0 million in the future. An increase in revenue from sales in the future by 15.0% will lead to an acceleration in the turnover of working capital by 3.5 turnovers, and gross profit and

profit from sales will increase by 331 million tenge and 575.2 million tenge, respectively. The level of operational and financial leverage decreases, indicating a lower net profit loss in the situation of a decrease in sales volumes at the enterprise. If revenue changes by 1%, net profit will change not by 13.7% but by 10.8%, which is dangerous in underestimated rate values of profit growth.

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