



## THE PURPOSE AND ESSENCE OF DETERMINING FINANCIAL RESULTS

*Nabijonov Javohir*

Fergana District Technical School No. 3

### Abstract

This article examines the economic essence of determining financial results, as well as their role and significance in enterprise activity. The main indicators that form financial results, including profit and loss, methods of their determination, and their role in managerial decision-making are analyzed. Additionally, the article discusses ways to improve enterprise efficiency through the evaluation of financial results.

### Keywords

financial results, profit, loss, income, expenses, profitability, economic efficiency, financial reporting, enterprise activity, management

### Introduction

In a market economy, the main goal of any enterprise is to generate profit. Profit is considered the primary indicator of financial results. Correct determination of financial results plays a crucial role in assessing the economic condition of an enterprise, ensuring its stability, and defining its future development strategy.

Financial results are determined by the difference between an enterprise's income and expenses over a specific period. This indicator reflects not only the efficiency of enterprise activity but also serves as an important source of information for investors, creditors, and other stakeholders.

### Relevance of the Topic

The relevance of this topic is determined by the fact that, under conditions of economic modernization and increasing competitiveness, the issue of determining financial results becomes increasingly important. Every enterprise must conduct a thorough analysis of its financial results to ensure efficient operation.



Furthermore, processes such as global economic integration, improvement of the investment climate, and adaptation to international standards require transparency and accuracy in financial reporting. Therefore, accurate determination of financial results is important not only for internal management but also for external users.

### The Essence of Financial Results

Financial results represent the final outcome of an enterprise's economic activity over a specific reporting period. They are mainly expressed in the form of profit or loss.

Financial results consist of the following key elements:

- **Income (Revenue)** — earnings from the sale of goods, provision of services, or other activities
- **Expenses** — costs associated with production and service provision
- **Profit (or Loss)** — the difference between income and expenses

If income exceeds expenses, the enterprise earns a profit; otherwise, it incurs a loss.

### The Purpose of Determining Financial Results

The main purposes of determining financial results include:

#### 1. Evaluating Enterprise Performance

Financial results help assess the efficiency of enterprise operations and support managerial decision-making.

#### 2. Determining Profit Levels

Identifying the amount of profit helps evaluate the enterprise's development potential.

#### 3. Controlling Expenses

Analysis of financial results makes it possible to identify excessive costs and take measures to reduce them.



#### 4. Providing Information to Investors

Financial results provide essential information about the financial condition of an enterprise to investors and creditors.

#### 5. Tax Calculation

Profit serves as the basis for tax calculation, which is important for state budget revenues.

#### Methods of Determining Financial Results

There are several methods for determining financial results:

##### 1. Income and Expense Method

This is the most common method and is calculated as:  
**Profit = Income – Expenses**

##### 2. Accrual Method

Under this method, income and expenses are recognized when they are incurred, not when cash is received or paid.

##### 3. Cash Method

Under this method, income and expenses are recorded only when cash transactions occur.

#### The Importance of Analyzing Financial Results

Analyzing financial results is essential for planning future activities of an enterprise. Through analysis, the following can be determined:

- level of profitability
- dynamics of profit growth
- structure of expenses
- efficiency indicators

This allows the enterprise to develop an effective strategy.

#### Problems and Solutions

The process of determining financial results may involve several challenges:



- incorrect calculations
- insufficient data
- accounting errors
- lack of modern technologies

To overcome these problems, it is necessary to:

- implement modern accounting systems
- improve the qualifications of specialists
- comply with international standards

### Conclusion

In conclusion, determining financial results is one of the most important aspects of enterprise activity. It plays a key role in evaluating economic performance, identifying profit and loss, and making effective management decisions.

In a market economy, accurate determination and analysis of financial results ensure the sustainable development of an enterprise. Therefore, every enterprise should pay special attention to this process.

### References

1. Law of the Republic of Uzbekistan “On Accounting”
2. K.S. Karimov. Fundamentals of Enterprise Economics. – Tashkent, 2020
3. Shodmonov Sh.Sh. Economic Theory. – Tashkent, 2019
4. International Financial Reporting Standards (IFRS)
5. Internet sources (economic portals and scientific articles)