



## IMPROVING BUSINESS ANALYSIS OF FINANCIAL RESULTS IN JOINT-STOCK COMPANIES ON THE BASIS OF THE IRS



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**Abstract:** It is determined that they should be included in accounting as a separate object of account or as a form or location of income. In this case, the write-off and sale of fixed assets, the results obtained from the sale of other assets are considered as other processes of the main production. They are listed in the statement of financial results as operating income and expenses.

**Keywords:** business analysis, financial results, joint-stock companies, irs.

### Introduction

Factor analysis is of particular importance in the change of profit or loss from the sale of products, works and services.

*The following factors may affect the change in profit from product sales:*

- ❖ Factors related to the enterprise itself or internal factors.
- ❖ Factors outside the control of the enterprise itself.

Factors that depend on the enterprise itself include production cost, volume, assortment and structural factors of products. Its independent or external factors include changes in the tax policy of the state, the price factor and other factors.

In general, it is difficult to sort the influencing factors related only to the enterprise itself and not related to it. They can only be viewed in relative terms.

The inclusion of products, works and services in the sold line is based on the contract of direct ownership and their disposal. In the analysis of the gross profit obtained from the sale of products, work and services, it is possible to assess the marginal condition of direct product production. The condition of marginality of product production characterizes the deduction of all variable costs from the amount of income received from the sale of products, work and services. In this case, the newly created value consists only of the variable value itself. That is, the enterprise will not have the amount of profit at the critical volume level under the condition of marginality. He will only have the volume of production at the level of covering production costs, variable and fixed costs. The condition of marginality of product production allows to determine in advance the efficiency of the enterprise's production plan and activity.

### Material and methods

The critical level of production volume is also usually studied along this line. The critical volume level of product production is the level at which the enterprise can determine the volume of products, works and services without profit or loss. At the critical volume level, it is observed that the income received from the sale of products, works and services is enough to cover only the variable and fixed costs of these products, works and services.

The critical volume level is an indicator that is just entering our practical application. Based on the determination of this indicator, we can use it as a key indicator to predict and determine the company's production plan or profit plan.

In the analysis, the level of the critical volume and the methodological connections of its determination are defined. Also, solutions are given by factor analysis of its change.

The critical volume level can be expressed in the form of the following formula. It is directly derived from the value expression of the product or the selling price. The value expression of the product can be defined as follows.

Product value = variable cost + fixed costs + profit.

From this, the critical volume level can be given the following link, based on the definition given above.

Critical volume level sida product volume = variable costs + fixed costs + 0

This is directly the expression itself in defining value as an economic category.

Product size = fixed capital + variable capital + + profit

Among the factors affecting the change in product production at the critical volume level, the following can be attributed.

- Change in variable costs per unit of product
- Product unit price
- Product quantitative changes
- Changes in fixed costs

The critical volume level of product production can be determined based on the following example.

**Table 1**

**Determination of gross profit from the sale of products, works and services and factors affecting its transformation**

Specification	Last year	Sales volume in the reporting year at the cost of last year	Reporting year

1	2	3	4
1. Net proceeds from the sale of products (work, service)	$Q_0P_0$	$Q_1P_0$	$Q_1P_1$
2. Cost of production of products sold (work, services)	$Q_0S_0$	$Q_1S_0$	$Q_1S_1$
3. Gross profit from sales of products (work, service)	$Q_0(P_0 - S_0)$	$Q_1(P_0 - S_0)$	$Q_1(P_1 - S_1)$

Here:

$Q$  – product size;

$S$  – cost of product unit;

$P$  – price of product unit.

1. Product volume change:

$$524981 - 447210 = +77771$$

2. Impact of cost and cost of production change on gross profit change:

$$622779 - 524981 = +97799$$

### Discussion

From the data of the table, it can be seen that the amount of gross profit from the sale of products in the analyzed enterprise in the current year increased by 175,569 thousand rubles compared to last year. This change was due to the following factors: that is, due to the quantitative change in the volume of production, the amount of profit from the sale of products increased by 77771 thousand rubles. In general, the increase in the gross profit of the enterprise from the sale of products was mainly caused by an increase in the amount of product volume. The growth of gross profit from the sale of products (work, services) should be assessed as a positive situation.

#### Analysis of income and expenses from other processes of basic activity

In the analysis of income and expenses from other processes of the main activity, the income and precipitation of the main production activities from activities in addition to the sale of product work and services are analyzed. The income and expenses of basic activities from other processes are also often referred to as operational income and expenses. *Operational costs and revenues* include revenues from, or losses on, other sales.

#### *Other income from basic manufacturing activities include:*

- fines and Pensions levied or recognized by the debtor;
- profit related to the previous year determined in the reporting year;
- receipts from subsidiary service networks;
- income from the sale of fixed assets, intangible assets and other property;
- income from write-off of overdue creditors and depository debts;
- results seen from the reevaluation of commodity-material goods;

- revenues from government subsidies;
- impartial financial assistance;
- other transaction revenues.

Analysis of income and losses from operational processes. Among the income from operational processes are income from the non-production and non-sales activities of the main production activities of the enterprise. On them, the line of expenses and income is reduced to a report on financial results in the total amount, separately composed. It is established that operational revenues and expenditures are reduced in terms of its net worth to a report on financial performance as well. In this case, the income from the operations processes is reduced to the line of profit or loss to the report, differentiated by the cost value on them.

On other sales, a separate tax payment is applied in accordance with the Republican tax code. It also applies to the sale of products (work and services) according to this line of taxes, income or receipts. The net proceeds from other sales also have the same methodological link as in determining net proceeds from the sale of products (work and services).

Among the income from operational processes, the following can be included. The result from the sale of fixed assets that are overstated or unused at the enterprise, the result from their write-off, the result from the write-off and sale of intangible assets, the result on capital investments, income from long-term use, income from the use of leasing, income from the sale of securities, income from the sale of low-priced and fast-selling items,

#### Analysis of income and losses from financial activities

The result obtained from financial activity is composed and analyzed as a separate accounting line of the enterprise's performance. Profits and losses from financial activities include results from the activities of the enterprise in the stock market, the financial market. The line of income from financial activities is composed in accordance with the regulation "on the costs included in the cost of products (work and services), the composition of costs for the production and sale of products (work and services) and the procedure for the formation of financial results". The balance of income from financial activities in the structure of the total accounting profit of enterprises has been growing somewhat in recent years. Among the income from financial activities, the following can be included. For example, income from the participation of contributions in the foaliat of other enterprises, income from the exchange rate change of foreign exchange funds, income received on loans to other enterprises, subsidiary and Union Enterprises, income received and paid on interest, the amount of dividends received on shares..

The analysis evaluates their absolute and relative changes to the plan and their changes in relation to previous years, and studies the factors that influence its changes.

The influencing factors are studied on a separate and general basis on the basis of each content row.

The information necessary for the analysis is obtained from the financial statements on financial results and the comments made on its lines. The financial performance report contains the following series of revenues from financial activities.

- dividends received from subsidiary and Union Enterprises;
- other received dividends;
- interest on loans made and received to subsidiary and Union Enterprises;
- interest on other received and issued debts;
- differences from exchange rate fluctuations;
- other income and losses from financial activities.

### **Emergency benefit and loss analysis**

Extraordinary profits and losses are the third line of financial performance. It includes directly observed results from accidental situations. For example, losses due to floods or earthquakes, fires, hurricanes or other natural phenomena are included. Special items included in extraordinary profit or income or included in losses are not clearly specified in the Regulation "On the composition of production and sale costs of products (works and services) included in the cost of products (works and services) and the order of formation of financial results".

Only one of their conditions is defined in the General Regulations. That is, in the next three years, the amount of income or profit received from circumstances that are not considered normal for the enterprise is included among the incomes received from unexpected circumstances for the enterprise.

Unexpected or extraordinary income or loss is defined as a separate line item in the statement of financial results.

They are not planned in the enterprise. That is, extraordinary income and expenses are included in the unplanned line. Currently, they do not have a significant impact on the performance of enterprises.

Analysis of the company's accounting profit (profit before tax).

Above, we discussed in more detail about the profit of the enterprise account and the lines included in it. That is, the accounting profit of the enterprise is determined by summing up the result obtained from the main production activity, the result from the financial activity, the result from extraordinary activity or circumstances, and the accounting profit of the enterprise is determined for the current period. Enterprise account profit is the main line of attention of the state and information users. The final result is compiled based on this rule, keeping income and expenses according to the time and place of their occurrence.

### **Main part**

The amount of net profit (loss) of the enterprise for the current period is determined on the basis of deducting taxes, payments and deductions from profit and other profits from the amount of profit (loss) before tax payment of the enterprise. In accordance with the tax legislation of our republic, all business enterprises are considered income tax payers, and permanent and temporary benefits are established for some of their groups.

Other tax payments include some types of taxes that fall to the republican and local budgets. Their type and collection procedure is determined by the State Tax Committee. In enterprises that have switched to a single tax payment, this type of tax is calculated and paid at fixed rates from the income received.

#### Factor analysis of net profit and its change

In the conditions of market relations, each economic entity aims to achieve a net profit as a result of its activity. For this reason, studying the amount of net profit and evaluating the factors affecting it will lead to an increase in the efficiency of the enterprise. The profit that remains at the disposal of the enterprise and at its free disposal is called net profit. This indicator is determined on the basis of deducting the amount of tax and other taxes and deductions from profit (income) from the amount of profit before tax payment. In the analysis of the net profit, its changes compared to previous years, as well as the indicators of the enterprise's business plan, are studied. This bottom line of financial performance is a matter of concern to all internal and external users of information.

Users of external information also attach great importance to the level of profitability of the enterprise, to determine the conditions of purposeful management of their assets. For example, shareholders of an enterprise are interested in the net profit retained by the enterprise, which is distributed according to the agreement of shareholders or the share of private equity, while investment sponsors are more interested in the stability and growth levels of the enterprise.

Today, the factors affecting the change in the net profit of the enterprise can be divided into the following groups:

- changes in the volume of sales of products, work and services;
- changes in the price of products, work and services;
- changes in the means of production of products, work and services;
- changes in period costs;
- changes in profits and losses from financial activities;
- extraordinary changes in profits and losses;
- Changes and changes in taxes and taxable payments.

In the analysis, the absolute values of each factor in the change of net profit are determined. By assessing their changes, the presence of internal opportunities for increasing profits in the enterprise is studied.

The general industrial network is summarized by 25 industrial production networks, if we look at the analysis of the composition of the industrial products produced in these industrial sectors and their regional affiliation, it was found that there are differences in the specialization of the region to the type of industry and the level of development. In particular, the production industry of tobacco products corresponds to Samarkand region (93.9 percent) and Tashkent city (6.1 percent). In the production of chemical industrial products, the Republic of Karakalpakstan produces 37.9%, Tashkent region 14.4%, Kashkadarya region 12.8%, Fergana region 11%, Navoi region 9.6% and Tashkent city 8.4%.

Table 2

**Information on production by types of industrial products in the Republic of Uzbekistan in 2010-2020<sup>1</sup>**

Specification	2010 y.	2015 y.	2016 y.	2017 y.	2018 y.	2019 y.	2020 y.
The volume of industrial production, billion. Soum	38119,0	97598,2	111869,4	148816,0	235340,7	322535,8	367078,9
Mining industry and open pit operation	5704,5	10870,8	10721,2	18234,7	29087,9	43438,9	33000,2
Manufacturing industry	28141,3	77088,2	89793,3	117736,0	189642,6	254860,9	304714,3
Food production	5521,5	18511,6	22400,5	23217,7	25256,0	35337,3	42388,2
Beverage production	922,4	2538,1	3364,7	3793,9	4948,9	6402,5	7308,7
Tobacco production	400,0	840,0	1017,1	1183,1	1490,8	1743,8	1950,8
Textile production	4845,5	13241,7	13335,3	16763,3	24835,2	29946,6	36230,8
Clothing production	575,8	1585,3	4318,5	6108,2	7732,2	9165,8	10212,2
Production of leather and related products	80,7	757,9	981,4	1414,6	1647,9	1588,8	1654,6
Production of items from wood and non-woven materials (in addition to furniture), pohl and weaving	70,6	745,3	573,3	776,0	1600,6	1596,0	1327,4
Production of paper and paper products	129,8	614,6	955,9	1230,8	1633,5	1942,8	2301,0
Publication and reflection of written materials	209,6	573,2	939,9	1129,7	1260,3	1361,9	1159,0
Production of Coke and oil refining products	1785,3	3102,7	2886,7	3681,9	5589,3	9964,2	11125,0

<sup>1</sup> Information of the State Statistical Committee of the Republic of Uzbekistan

Production of chemical products	1960,0	4993,7	7378,9	9893,8	15078,4	18974,3	20923,2
Production of basic pharmaceutical products and preparations	174,7	750,6	1220,9	1403,1	1612,4	1945,8	2405,7
Production of rubber and plastic products	572,7	1891,7	2594,7	3235,8	5295,4	5347,8	6940,4
Production of other mirrors mineral products	1640,6	4889,5	6338,3	7528,2	12190,3	13721,8	16614,1
Metallurgical industry	3087,2	7088,8	8040,1	12498,8	31299,5	57327,3	79165,9
Production of finished metal parts in addition to machinery and equipment	565,7	1936,8	2245,3	3650,3	5093,8	5628,8	6830,1
Production of computers, electronic and optical products	445,2	481,5	450,7	843,7	1040,5	2001,6	3426,2
Production of electrical equipment	395,7	1587,7	1950,1	3225,7	6985,3	7373,3	8339,4
Production of machinery and equipment not included in other categories	211,4	787,6	983,7	1586,2	3504,5	4373,0	4323,0
Production of vehicles, trailers and semi-trailers	3562,3	7826,3	4112,3	10509,6	26631,3	33091,2	33718,9
Production of other transport triplets	91,3	212,4	212,5	334,1	504,8	818,3	976,2
Furniture production	164,1	614,8	1371,4	1513,7	1694,9	2299,1	2383,7
Production of other finished items	226,7	450,6	1077,1	1032,9	1363,7	1523,3	1617,1
Repair and installation of machinery and equipment	502,6	1065,6	1044,0	1181,1	1353,1	1385,8	1392,7



Electricity, gas, steam supply and air conditioning	4084,1	8993,3	10522,6	11656,0	14518,5	22014,7	27193,6
Water supply; sewage system, waste collection and disposal	189,0	645,8	832,3	1189,3	2091,7	2221,2	2170,8

As of the end of 2020, we can see that the volume of industrial products increased by 9.6 times compared to 2010, the volume of industries producing 10.8 times during this period, the volume of production of rubber and plastic products by 12.1 times, Coke and oil processing products by 6.2 times, and the production of chemical products in 2020 increased by 10.6 times compared to 2010 (table 2.1.4).

In the last 4 years, a period of rapid development (in 2020 compared to 2017), the volume of industrial products increased by 2.4 times compared to 2010, the volume of manufacturing industry increased by 2.6 times during the same period, the volume of production of rubber and plastic products increased by 2.1 times, coke and we can see that the production of oil refining products increased by 6.2 times and the production of chemical products increased by 2.1 times in 2020 compared to 2010. Such a positive trend is primarily the result of the implementation of the tasks set in the Strategy of Actions for the five priority areas of development of the Republic of Uzbekistan in 2017-2021 adopted by President Sh.M.Mirziyoev and the effective economic reforms carried out for these purposes.

By the end of the first quarter of 2021, the production of chemical products in our country - 8.3%, the production of textile products, clothing, leather and related products - 14.7%, the share of the production of food products, beverages and tobacco products - 13.1%, production of rubber, plastic products and other non-metallic mineral products - 7.1%, production of motor vehicles, trailers, semi-trailers and other transport equipment - 3.8%, production of computers, electronic and optical products - 2.3%, the production of coke and oil refining products - 2.1%, and the production of other products of the manufacturing (processing) industry - 5.9%<sup>2</sup>.

The development of the industrial production network is the basis for the development of the chemical industry. When analyzing the development of the industry, it increased by 3.5 times in 2019 compared to 2015 (table 2.1.6), and by 157 times compared to 2000. In the region, it increased by 4.8 and 261 times in the Republic of Karakalpakstan, and by 3 times in Andijan region, 2 and 200 times, 2.6 and 105 times in Bukhara region, 2.9 and 209 times in Jizzakh region, 2.1 and 115 times in Kashkadarya region, 4.3 and 191 times in Navoi region, 2.8 and 117 times in Namangan region, 2.4 and 147 times in Samarkand region, 2.1 and 91 times in Surkhandarya region, 2.3 and 104 times in Syrdarya region, 3.3 and 155 times in Tashkent region, 2.5 and 71 times in Fergana region, 3 in Khorezm region, It increased by 0 and 158 times, 2.6 and 169 times in Tashkent city.

When we analyzed the growth rate of industrial product production by region, we witnessed that the dynamics is mainly increasing.

<sup>2</sup> <https://stat.uz/uz/nashrlar-menu/risolalar>

In the analyzed period, only in Andijan region in 2000, 2015 and 2016 (90.0, 84.5 and 79.8% compared to the previous year), in Navoi region in 2005, 2010 and 2011 (97.8, 99.6% compared to the previous year). and 99.2 percent), in Fergana region in 2010 (97.0 percent compared to last year), in Kashkadarya region in 2019 (94.0 percent compared to last year) and in Syrdarya region in 2017 (94.2 percent compared to last year) observed. Despite the crisis caused by the global Covid-19 pandemic in 2020, an increase in the production volume of industrial products was achieved in all regions of our country.

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