

THE SIGNIFICANCE OF EVALUATING AND ANALYSING FINANCIAL OUTCOMES FOR A COMMERCIAL ENTITY

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Abstract

In the prevailing economic climate, the pursuit of sustained profitability stands as a paramount objective for any commercial entity. The primary objective of each such organisation is to achieve a positive financial result. This is due to the fact that profit serves as a basis for increasing the market capitalisation of the organisation, and also acts as a source of formation of its own financial assets. These factors determine the urgent need for assessment and in-depth analysis of the financial results of the organisation's activities.

The financial result is widely regarded as one of the most significant indicators of an organisation's economic development. A comprehensive analysis of financial results enables an assessment of the effectiveness of the enterprise's functioning, the identification of potential problems and the determination of prospects for further development. Furthermore, to ensure the successful functioning and dynamic development of the organisation, it is imperative not only to undertake a retrospective analysis of financial indicators for past periods, but also to conduct a prospective analysis to identify the main trends in these indicators.

Keywords

Finance, financial results, forecasting, analysing, evaluating financial results.

The necessity for a thorough, accurate evaluation and examination of the financial outcomes of an enterprise is elucidated by the objective of any commercial entity – to achieve a favourable result of activity. This is primarily attributable to the fact that profit serves as the fundamental catalyst for augmenting the market value of the organisation, in addition to constituting the genesis of its own financial resources. Furthermore, dividends distributed by a public company to its shareholders are derived from net profit.

The ability of an organisation to maintain a high level of profitability is contingent on a multitude of factors. However, the fundamental aspect affecting the success and stability of the company is strategy.

A comprehensive evaluation of the organisation's financial performance enables the identification of areas that require attention and those that show promise for future development. It is imperative to acknowledge that effective organisational management necessitates not only the analysis of attained financial results, but also their forecasting. This approach enables the timely adjustment of the strategy, the minimisation of risks and the exploitation of opportunities.

The analysis of financial results, both for past periods and with the involvement of forecast data, plays an important role in the formation of quality management decisions aimed at increasing profits. This approach establishes the foundation for strategic development, continuous process improvement, and enhanced organisational competitiveness, rendering it particularly pertinent in a rapidly evolving market environment.

The acquisition of fundamental knowledge in the analysis and forecasting of financial results is imperative for comprehending the intricacies of strategy development and mitigating the occurrence of unanticipated risks. Consequently, the examination of the essence and structure of the analysis and forecasting of financial results of an organisation is of paramount importance for any company.

In order to analyse the activities of a commercial organisation, a large amount of information can be used, which is grouped into different types of reporting. The financial statements of an organisation constitute the information base for the analysis of financial results.

The aforementioned reports, which concern statistics, taxes, management and operations, can also be used for the analysis of financial results.

In the course of financial result analysis, alongside profit indicators, the employment of profitability indicators is also a common practice. A comprehensive evaluation of the organisation's activity is afforded by analysis of profitability indicators in conjunction with profit indicators.

It is imperative that companies incorporate periodic assessment of financial performance into their strategic framework. This assessment is a consequence of changes in the general economic external conditions, as well as internal changes in the company. Notwithstanding the stability of the organisational environment, it is imperative to undertake periodic assessments of financial outcomes. Such evaluations are instrumental not only in gauging the prevailing circumstances but also in informing future decision-making processes, particularly with respect to the

selection of developmental trajectories. Economic changes, whether external or internal, have the capacity to impact the organisational structure of a company, the ratio of assets, and thus the risk of bankruptcy. Furthermore, such changes can lead to a deterioration in the overall financial condition of the company.

This assessment provides external users with the information required to make an informed decision regarding their choice of organisation, ensuring that expectations are met. It is imperative for the company to identify any weaknesses and neutralise them.

In conclusion, the role of analysing the financial results of the company is not only of an introductory nature, but also facilitates the decision-making process regarding the enterprise's developmental trajectory. The analysis of the financial results of the organisation is a process that can be undertaken by any individual. In essence, the methodology of analysis employed by all interested users is identical; however, the conclusions that are derived from the analysis can vary depending on the objectives of the user.

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