

METHODOLOGY OF ESTIMATING THE PROFITABILITY OF AN ENTERPRISE

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A guarantee of a high level of enterprise development is to ensure the overall efficiency of their work. Therefore, it is necessary to understand clearly that efficiency in the economy is always a relation, and the main principle of effectiveness evaluation is to compare the effect (result) and cost. Satisfactory level of efficiency requires, on the one hand, to exceed the final results over the cost of their achievement, on the other – the comparison of the results obtained with the results of similar objects. On this basis, although the absolute amount of profit received by the enterprise and is a very important indicator of activity, but can not characterize the level of efficiency of management, it is due to the fact that the absolute amount of profit characterizes only a one-time economic effect. While the measure of this efficiency is characterized by a profitability indicator

For a profitable analysis of enterprise profitability, it is advisable to carry out a factor analysis of net profit in order to determine which factors affect the formation of the resulting indicator positively and negatively, in the largest and least way.

Due to the fact that the profit analysis of an enterprise can not give a complete

picture of the effectiveness of its work, to determine the extent of the effectiveness of the business entity, evaluate its profitability indicators.

The indicator of profitability characterizes the efficiency of the company as a whole, the profitability of different activities, the return on costs, and conducts spatial-temporal comparisons.

Profitability indicators of an enterprise are grouped into the following groups: profitability of activities and production costs; profitability of sales; profitability of capital and its components.

Based on the results obtained, one can conclude on the effectiveness of the enterprise, identify weak and strong sides, minimize costs for the least profitable part of the activity, and find effective ways of development and growth of the economic entity.

The final stage in the analysis of profitability of an enterprise is the determination of ways to increase profits and profitability. The given growth can be reached at the expense of increase of volume of the produced and realized production, attraction of investments for development of the enterprise, use of innovations in the process of production activity.