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ACCOUNTING AND ANALYSIS OF FINANCIAL RESULTS IN AGRICULTURAL ENTERPRISES

ОБЛІК ТА АНАЛІЗ ФІНАНСОВИХ РЕЗУЛЬТАТІВ НА АГРАРНИХ ПІДПРИЄМСТВАХ

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The article summarizes contemporary interpretations of the essence of financial results as presented in regulatory documents and academic publications. It examines the specific features of agricultural production that influence the accounting process of financial results. Theoretical foundations of profit formation, distribution, and utilization are explored. To achieve a deeper understanding of profit, a classification according to its main characteristics is proposed. The key functions of profit – evaluative, distributive, and motivational – are identified and analyzed. Profitability management is emphasized as a priority task of the enterprise; therefore, significant attention is paid to analyzing financial results and the factors shaping them. Since business activities can yield either profit or loss and are influenced by both internal and external factors, the accounting and analysis process involves a comprehensive assessment of financial results through a system of absolute and relative indicators.

Keywords: financial results, profit, loss, income, expenses, agricultural enterprise.

У статті узагальнено сучасні підходи до трактування сутності фінансових результатів, відображені у нормативно-правових актах та наукових працях. Проаналізовано специфічні риси сільськогосподарського виробництва, що зумовлюють особливості ведення бухгалтерського обліку фінансових результатів. Розкрито теоретичні засади формування, розподілу та використання прибутку підприємства. З метою поглибленого розуміння сутності прибутку здійснено його класифікацію за основними ознаками. Визначено основні функції прибутку, серед яких – оціночна, розподільча та стимулююча. Обґрунтовано методологічні та організаційні засади обліку процесів формування і розподілу фінансових результатів аграрних підприємств. Розглянуто принципи ведення обліку відповідно до національних стандартів – П(С)БО 15 «Дохід» і П(С)БО 16 «Витрати», а також міжнародних стандартів – МСБО 18 «Дохід». Висвітлено порядок формування фінансового результату підприємства. Зазначено, що управління прибутковістю (або беззбитковістю) діяльності є одним із ключових завдань підприємства, тому значна увага приділяється аналізу фінансових результатів і чинників, що їх формують. Оскільки господарська діяльність може бути як прибутковою, так і збитковою, а її результати залежать від впливу внутрішніх і зовнішніх факторів, у процесі обліку та аналізу здійснюється комплексна оцінка фінансових результатів за системою абсолютних і відносних показників. Досліджено систему показників, критеріїв та джерел інформації, що використовуються для аналізу фінансових результатів діяльності сільськогосподарських підприємств. Зазначено, що фінансові результати мають багатофакторний характер і є узагальненим відображенням взаємозв'язків усіх елементів господарської діяльності. Це зумовлює необхід-

ність застосування системного підходу до їх аналізу, який передбачає дослідження комплексу абсолютних і відносних показників, а також факторів, що впливають на формування, розподіл і використання фінансових результатів.

Ключові слова: фінансові результати, прибуток, збиток, доходи, витрати, сільськогосподарське підприємство.

Formulation of the problem. The efficiency of a national economy directly depends on the stable development of all its sectors, particularly agriculture, whose entities experience a pressing need for additional financial resources. The practical implementation of this objective relies on an adequate information base built upon reliable, comprehensive, and timely data, especially concerning financial performance indicators.

The operation of agricultural enterprises is determined by the inherent characteristics of the sector, including diverse organizational forms and the seasonal nature of production. These features highlight the necessity of addressing management-related challenges to ensure the sustainable development of agricultural enterprises and to recognize them as entities of increased public importance. Within this context, comprehensive information generated by the accounting and analytical system-covering all aspects of enterprise activity, particularly financial results-plays a crucial role.

Analysis of recent research and publications. Theoretical and methodological aspects of the formation and management of financial results have been examined by numerous domestic and foreign scholars, including Babo A., Brue S. L., Blank I. O., Borodkin O. S., Butynets F. F., Valuiev B. I., Hutsalenko L. V. [1], Herasymovych A. M., Demianenko M. Ya., Doyle P., Drury C., Kovalev V. V., Kuzhelnyi M. V., Linnyk V. H., McConnell C. R., Maliuha N. M., Mets V. O., Ohychuk M. F., Pravdiuk N. L., Savytska H. V., Savchuk V. K., Samuelson P., Sokolov Ya. V., Sopko V. V., Tkachenko N. M., Hendriksen E. S., Chumachenko M. H., among others.

A review of the academic literature indicates that the organization of financial result accounting in agricultural enterprises remains insufficiently explored and requires further theoretical and practical research.

Highlighting previously unresolved parts of the overall problem. The relevance of the research topic lies in the fact that the performance of an enterprise is reflected through a system of financial and economic indicators that collectively summarize its operational outcomes

and development potential. The key indicator of business efficiency is profit, whose importance becomes particularly evident under current economic instability, limited access to bank financing, low competitiveness, and insufficient innovative development of enterprises.

Formulation of the goals of the article. The determination of an enterprise's financial results largely depends on the methodology applied to their formation and accounting. Existing shortcomings in the accounting system for income and expenses result in financial and tax reports that do not always reflect the true profit or loss. This discrepancy arises from the fact that regulatory frameworks are developed by different government institutions: the Ministry of Finance of Ukraine – responsible for financial accounting standards, and the State Tax Administration of Ukraine – for tax accounting guidelines.

Presentation of the main research material. Under market economy conditions, a defining feature of an enterprise is its economic independence, which implies organizing financial and economic activities on the principles of self-financing and self-sufficiency. In this regard, understanding the essence of financial results (profit or loss) acquires particular importance. Profit serves as both the primary goal and motive of entrepreneurial activity, as well as a material source of economic and social development, investment, and innovation. It also acts as a crucial mechanism for capital redistribution toward sectors driving scientific and technological progress and for concentrating financial resources within efficiently managed enterprises.

Profit is an economic category representing a set of economic relations arising from the interaction of production factors. It constitutes that part of an enterprise's income which remains after covering operating expenses. As an objective economic category, profit is generated in the sphere of production and realized through the process of exchange. However, the absolute value of profit alone cannot serve as a sufficient indicator of performance efficiency since it depends on the scale of production and numerous influencing factors. Therefore, the efficiency of economic activity should be

evaluated using relative indicators that reflect the level of profitability in relation to production resources.

A review of the literature reveals the absence of a unified interpretation of the term profit. Different economic schools often imply rather than substantiate its causal origin. Some researchers consider profit as labor income or a reward for entrepreneurial initiative, while others define it as the surplus value of newly created products. In some interpretations, profit also encompasses the benefits gained not only by the enterprise but by consumers or society at large as a result of economic activity.

The generalization of various theoretical perspectives allows defining profit as a universal economic category that reflects the portion of an enterprise's income generated under the influence of internal and external factors, the level of business development, and resource efficiency. It represents the difference between total revenues from all activities and the expenses incurred in generating them and serves as a source of expanded reproduction, social development, and satisfaction of the interests of owners, employees, investors, and the state.

Profit is a comprehensive indicator of an enterprise's performance, integrating all aspects of its operations and ensuring sustainable functioning. In monetary terms, it represents the entrepreneur's reward for the risk associated with business activity and is expressed as the difference between total revenues and total costs [2].

To gain a deeper understanding of profit, it is important to analyze its classification according to different criteria. According to some authors [3], there are currently more than twenty classification features of profit, which clearly demonstrates the complexity of this category and the difficulty of reaching a single, universally accepted definition (Table 1).

Profit performs a number of essential functions that reflect its nature and role within the system of economic relations.

Evaluation function. Profit serves as an integrated indicator that expresses, in monetary terms, the final outcome of an enterprise's performance. It summarizes the results of all aspects of its activity – production and sales volumes, efficiency in the use of material, labor, and financial resources. The level of profit realization determines the financial stability of

Table 1

Classification of profit and its main function

Classification criteria	Description	Economic Significance / Function
By origin	Profit from operational, financial, or investment activities	Helps identify the main sources of profit and assess performance in different areas
By distribution	Profit allocated to dividends, reserves, or reinvestment	Serves as a basis for decision-making on resource allocation and enterprise development
By timing	Current profit vs. deferred profit	Enables assessment of financial performance over specific periods and planning of future operations
By level of management	Enterprise-level profit vs. departmental profit	Supports internal control, efficiency evaluation, and performance measurement of different divisions
By nature	Accounting profit vs. economic profit	Provides insight into financial results and real economic benefits
Functions of profit	1. Evaluation Function – indicates enterprise performance and efficiency 2. Distribution Function – guides allocation to owners, employees, and reinvestment 3. Incentive Function – motivates optimal use of resources and adoption of innovations	Demonstrates how profit influences strategic, operational, and social objectives of the enterprise

Source: formed by the authors

an enterprise and its ability to meet obligations to the budget, banking institutions, and suppliers of resources. The effective implementation of this function is possible mainly under market conditions, which ensure freedom in pricing and the choice of business partners [5].

Distribution function. This function reflects the use of profit as a mechanism for distributing society's net income between the state and enterprises. A portion of profit in the form of taxes and mandatory payments is directed to budgets of various levels, while the remaining part stays at the enterprise's disposal and serves as a source of financing for its further development. The state's economic interest lies in securing budget revenues, whereas for enterprises, profit is the foundation of self-financing and expanded reproduction. Employees are interested in profit growth since part of it is allocated to social development, while owners prioritize the portion of profit that forms the dividend fund and supports production modernization and capital growth.

Stimulating function. Profit acts as a driving force for economic activity, encouraging efficient resource utilization, cost reduction, implementation of technological innovations, and the development of new production areas [2].

The determination of financial results in accounting is based on the principle of matching income and expenses incurred to generate such income across all types of enterprise activities [1].

In accounting practice, several methods of determining financial results are applied. Large enterprises usually calculate them taking into account production cost, while small enterprises define results for the activity as a whole. Agricultural enterprises follow a specific approach in accordance with NAS 30 «Biological Assets». Upon completion of the reporting period, total results are summarized – income and expenses are compared to determine the financial outcome for the year [7].

The methodological framework for recognizing and disclosing income and expenses in financial reporting is established by accounting standards. Enterprises applying national standards follow NAS 15 «Revenue» and NAS 16 «Expenses», whereas those applying international standards refer to IAS 18 «Revenue». Since IAS does not contain a separate standard for expense recognition, enterprises must apply general IAS criteria for asset and liability recognition according to the nature of specific economic operations.

Financial results are determined separately for each type of enterprise activity (operating, financial, and other) with the periodicity set by the entity's accounting policy (monthly, quarterly, annually) [10].

To summarize information about financial results, accounting uses Account 79 «Financial Results», which includes the following subaccounts:

791 «Result of Operating Activity» – records income from the sale of products, works, and services, and the related expenses (accounts 70, 71, 90, 92, 93, 94);

792 «Result of Financial Operations» – reflects income from equity participation and other financial income, as well as financial expenses (accounts 95, 96);

793 «Result of Other Activity» – includes income and expenses associated with investment and other types of activity (account 97).

Enterprises are allowed to use only accounts of Class 8 «Expenses by Elements» (without using Class 9 accounts), transferring the corresponding amounts to the debit of Account 79's subaccounts when closing accounting periods.

After determining the pre-tax financial result, the accountant is required to calculate the profit tax and record it in Account 79.

For enterprises that adjust financial results for taxation purposes, the profit tax is recognized in Account 98 in accordance with NAS 17 «Income Tax» or IAS 12 «Income Taxes» [4].

In this process, temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases must be taken into account. At year-end, deferred tax assets (Account 17) or deferred tax liabilities (Account 54) are calculated.

Considering the current profit tax, as reported in line 17 of the corporate income tax declaration (form approved by Order No. 897), along with adjustments recorded in Accounts 17 or 54, Account 98 can be closed by posting to the debit or credit of Account 79 as follows:

- Dt 98 – Ct 17, 48, 54, 64, 79;
- Dt 17, 54, 64, 79 – Ct 98.

The final financial result recorded in Account 79 is transferred to Account 44 «Retained Earnings (Accumulated Losses)»:

- Dt 791 – 793 – Ct 441 – in the case of profit;
- Dt 442 – Ct 791–793 – in the case of a loss.

The methodology for accounting the use of net profit is presented in Table 2. It illustrates

Table 2

Accounting for the use of net profit

Purpose / Direction	Description	Accounting Entries
Distribution to owners (dividends)	Part of net profit allocated to shareholders or founders as dividends	Debit 441 «Retained Earnings», Credit 79 «Financial Results»
Formation of reserve capital	Allocation of profit to reserve funds for future financial stability or statutory requirements	Debit 441 «Retained Earnings», Credit 49 «Reserve Capital»
Reinvestment / Expansion	Portion of profit used for reinvestment in production, modernization, or technological improvement	Debit 441 «Retained Earnings», Credit relevant asset or capital accounts (e.g., 15, 10, 23)
Other uses	Allocation for social development, employee incentives, or other enterprise needs	Debit 441 «Retained Earnings», Credit corresponding expense accounts

Source: formed by the authors

the procedure for allocating profit among key directions, including the formation of reserve funds, dividend payments, financing enterprise development, and meeting the social needs of employees.

The determination of an enterprise's financial results is based on general recognition criteria in financial statements, which include the likelihood of increasing or decreasing future economic benefits associated with an item and the ability to reliably measure its value. These criteria are established by NAS 1 and are further detailed for revenues and expenses. Revenue is recognized in the statement of financial performance when a business transaction results in an increase in assets or a decrease in liabilities, leading to an increase in equity (excluding owner contributions). Expenses are recognized:

- when assets decrease or liabilities increase, reducing equity (excluding withdrawals or distributions to owners), provided that the measurement can be reliably determined;
- systematically and rationally over reporting periods (e.g., via depreciation) when the related economic benefits are received from the use of the asset;
- immediately, if the economic benefits no longer meet the criteria for recognition as an asset.

Thus, the financial result serves not only as a summary indicator of the enterprise's annual performance but also as a key source of information for managerial decision-making. Users of financial statements need to know not only the absolute amount of profit or loss but

also the source of its generation – operating, financial, or investment activities [10].

Typically, the bulk of profit is generated by operating activities, while financial and investment operations, if present, expand profit sources. Managing profitability and avoiding losses is a primary objective of the enterprise, making the analysis of financial results and their determinants a key focus.

Financial results are characterized by absolute and relative indicators. Absolute indicators include amounts of profit or loss by structure of formation and distribution. Relative indicators, such as profitability (return on investment), reflect the efficiency of resource use. Profitability is calculated as the ratio of profit to costs or capital and expressed as a percentage. Common indicators include return on assets, equity, production capital, sales, and individual products [9].

The goal of financial results analysis is to assess the completeness and quality of results, the dynamics of absolute and relative indicators, the impact of factors on profit and profitability, and to identify reserves for improvement. Enterprise profit is allocated: part is used for dividends and reserve capital, while the remainder finances development and expanded reproduction.

Financial results analysis addresses the following tasks:

1. Assess overall financial results and the relationships between individual indicators.
2. Examine dynamics and trends in enterprise results.
3. Evaluate the quality of financial results.

4. Identify factors affecting operating and gross profit.

5. Analyze break-even points and operational risk.

6. Assess profit utilization and distribution.

7. Evaluate the level, dynamics, and determinants of profitability.

8. Identify growth reserves and develop measures to mobilize them [10].

The analysis is conducted from two perspectives: assessing goal achievement and production-financial efficiency, and determining capital investment priorities for maximum financial growth.

External analysis relies on annual financial statements: Statement of Financial Performance (Form № 2), Balance Sheet (Form № 1), Statement of Equity (Form №3), and Notes to the Annual Financial Statements (Form №5). Internal analysis additionally uses accounting registers, primary documents, accounting policies, financial plans, business plans, and other materials [10].

Section 1 of the Statement of Financial Performance is structured according to the classification of revenues and expenses by type of activity and function, enabling sequential comparison to determine net profit or loss for the reporting period.

It should be noted that the Statement of Financial Performance does not include separate items directly reflecting the effectiveness of investment and financial activities through the comparison of revenues and expenses for these activities.

The content of figures and tables demonstrates that enterprise financial results are complex and multifaceted, representing a synthesized reflection of the interrelations and interdependencies of all components of activity.

Therefore, the analysis of financial results should be conducted within a systematic approach, which involves examining a set of absolute and relative indicators and the factors influencing financial outcomes at all stages of their justification, formation, receipt, distribution, and utilization.

Conclusions. At the current stage of national economic development, the activities of agricultural enterprises take place under dynamic and frequently changing conditions, which negatively affect the overall outcomes of their operational and production activities. The strategic development of such enterprises should focus on enhancing financial results through increasing production volumes and improving product quality while optimally using resources, thereby ensuring higher levels of efficiency.

To ensure stable development of agricultural enterprises, key priorities in managing financial results should include the implementation of managerial measures aimed at optimizing their magnitude, specifically:

- planning and forecasting enterprise profit based on the optimal balance of fixed and variable costs, prices, and production volumes;

- developing effective production programs for main products, considering market demands and internal resource potential, which allows maximizing profit per unit of utilized resources;

- creating a tailored development strategy for the enterprise that takes into account its experience and operational specifics, ensuring a strong competitive market position.

The entrepreneurial development strategy of agricultural enterprises in the context of financial result management holds substantial practical significance and defines the direction for further scientific research.

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