

ESSENCE of CONCEPT "FINANCIAL RESULT" AS ECONOMIC CATEGORY  
(presented by DSc V.V.Yevdokymov)

*Genesis of the concept of "financial results" in the writings of scholars of different economics schools is analysed and the analysis of current literature regarding the interpretation of this concept and its place in the economic categories is presented.*

*Any enterprise operates not only in order to meet social needs, and profits, which in turn is a positive outcome of the enterprise. That financial result is one of the most important indicators characterizing the effectiveness of the entity. Based on the research the scientists approaches to explain the term "financial result" are determined. Review of the regulatory framework made it possible to establish the lack of definition of the "financial results". In order to study a single interpretation of the definition and understanding of this concept, as well as avoiding mistakes in practice, the author offered his own definition of the "financial performance", which is advisable to fix on the legislative level.*

**Key words:** financial results; income; loss; category; summary of activities.

**Formulation of the problem.** With the development of market economy there is a problem of formation, accounting and reporting of financial results of businesses, given the interest of various categories of users. All the controls need qualitative changes, including accounting and analysis. It is impossible without accurate, properly processed and prepared information on financial and economic activities of the company. The tool to obtain such information is a system of accounting. Як зазначає В.В. Сопко [12]: «саме облік надає керівництву підприємства оперативну, достовірну та об'єктивну інформацію. Тому для удосконалення управління підприємством необхідно використовувати нові методи управління і сучасні технічні засоби побудови різних інформаційних систем. І, перш за все, необхідно провести реконструкцію його технічної та інформаційної бази на основі впровадження автоматизованої системи обліку і аналізу, в склад якої входять автоматизовані робочі місця». As VV Sopko [12] says: "it is accounting that gives company management operational, reliable and objective information. Therefore, to improve the management it is necessary to use new management techniques and modern means of construction of various information systems. And, above all, it is necessary to reconstruct its technical and information base through the introduction of automated system of accounting and analysis, which includes workstations." Today, one of the key concepts in the implementation of business enterprises is determining financial performance, given the increasing importance of economic development for businesses.

**Analysis of recent research and publications.** The question of determining the nature of financial results, its development and distribution, is widely discussed in various literature. Thus, the study of approaches to the essence of the concept of "financial result" is in the works of MD Bilyk, IA Blanca O. Voronin AG Zagorodny, VA Lugovoi, NP Kondrakov, SV Mocherny, MS Pushkar Y. Sokolov, TR Fetsovycha, VM Beetle, GG Kireytseva, MN Kotsupatrovoho, MJ Demyanenko, LK Suk and others. Without prejudice to the research papers and paying tribute to achievements in this area, some questions remain open regarding the definition of the concept of the nature of the financial results of economic entities and the order of formation, given the existence of a large number of different approaches.

**The goal of the article** is to determine the nature of the financial performance of business enterprises, and study the characteristics of their formation.

**Statement of the basic material.** The current stage of Accounting Reform in Ukraine characterized by a number of problems relative consistency synthetic, analytical and taxation of the financial results of the company. In world practice, financial result determined by a certain type of view that the financial result of the position, or received it as a result of normal or emergency operations.

The financial result of business activity is profit or loss. Income is mainly formed by the sale (realization) of finished products (services and goods). In addition, the company can sell (sell) other tangible assets and services ancillary industries and farms, as well as have gains and losses, which increase or decrease the amount of profit from investing and financing activities.

In turn, the study of the legal framework allows assert the lack of definition of the nature category "financial result", instead, a state of emergency (S) 1 "General Requirements for Financial Reporting" defines only the essence of the definition of "profit", which causes uncertainty the interpretation of the category of financial results, their role and importance. Under the state of emergency (S) 1 profit - the amount by which revenues exceed the related costs [8]. However, over the centuries, scientists and economists studied the role and importance of financial results. In particular, interest is working out of Karl Marx, who revealed the concept of surplus value, which, as noted German scientist at work "Capital, created of employees over labor costs and source of income, in turn, is an additional product that is created in the production and implemented in the sphere of circulation. "

Instead mercantilists believed that the financial results, which appear in the form of profits generated in the area of traffic and trade and are a source of wealth, and representatives instytutsionalistychnoyi economic scientific school reported that financial results are influenced by various social non-economic institutions (NTP, state, social groups, trade unions, etc.). At the end of the twentieth century. theory of financial results "entered the next stage of its update, which is closely linked with new research on the theory of the firm" is not so much trying to achieve positive financial results (profits), and how much - to increase its production capacity. However, do not underestimate the importance of positive values of financial results, and the reasons for their production, because "the history of world business, its basic

premise say that the main goal of the entrepreneur (owner) is profit. The specific method of profit always reflect the economic, political and social situation of his time "[14, p. 368].

As to defining the essence of the concept of "financial results" in the modern scientific and academic literature, the study of literature gives grounds to assert that the ambiguity of the authors opinions regarding this category (Table 1).

Table 1

authors, source	Approaches				
	change in the equity	result of the economic activity	economic outcome	the result of economic relations	gain / loss
NM Hayds		+			
MJ Korobov			+		
NV Tarasenko	+				
SV Mocherny			+		
OO Voronin				+	
VA Pipko		+			
MS Pushkar					+
VA Meadow		+			
Y. Sokolov	+				
NP Kondrakov	+				
AG Zagorodny	+				
Total	4	3	2	1	1

Thus, the analysis carried out scientific papers presented in Table 1 suggests that the definition of "financial performance" is interpreted differently by the authors, however, the content database is the same. Thus, according to MJ Korobov, the financial result is a result of economic production activities of economic entities, expressed in financial (monetary) form [5]. NV Tarasenko believes that financial result is a capital increase or reduction in the organization of financial and economic activity during the reporting period, which is expressed in the form of total profit or loss [13]. Instead, VA Pipko notes that the financial results are the result of economic activity, expressed in monetary terms. [9] Thus, in view of the above, we believe that the financial result is a result of undertakings to date measured as the difference between revenues and expenditures and is expressed in the form of profit (in excess of revenues over expenses) and losses (excess of expenditure over income).

**Conclusions.** Thus, understanding the essence of the concept of "financial results" as an economic category is essential for effective management. entity is created to not only function and satisfy social needs, but also to get profit, which in turn is a positive outcome of the enterprise. That is financial result is one of the most important indicators characterizing the effectiveness of the entity.

Analysis of approaches to defining the essence of "financial result" suggests the absence of a single interpretation of this definition. In general, it should be noted that the category of "financial result" is complex and controversial, which in turn necessitates its uniform interpretation to avoid mistakes in practical use.

Незважаючи на те, що поняття «фінансові результати» використовується у бухгалтерському обліку для відображення результатів діяльності підприємства та в Плані рахунків активів, капіталу та зобов'язань господарських операцій виділено рахунок 79 з назвою «Фінансові результати», проте, в нормативно-правовій базі немає визначення даної дефініції. Тому, пропонуємо закріпити у НП(с)БО 1 «Загальні вимоги до фінансової звітності» [8] таке визначення: фінансовий результат – це підсумок діяльності суб'єктів господарювання на певну дату, що визначається як різниця між доходами та витратами та виражений у формі прибутку (у разі перевищення доходів над витратами) та збитку (у разі перевищення витрат над доходами).

Despite the fact that the term "income" is used in accounting to reflect the performance of the company and in the chart of accounts of assets, capital and liabilities the account 79 called "financial results" is allocated, however, there is no definition of the concept in the legal framework. So we offer to fix in the state of emergency (S) 1 "General Requirements for Financial Reporting" [8] the following definition: financial result is a result of undertakings to date measured as the difference between revenues and expenditures and is expressed in the form of profit (in excess of revenues over expenditures) and loss (in excess of expenditure over income).

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Kusliy Vadim Alexandrovich - post-graduate department of accounting and auditing Zhytomyr State Technological University.

Research interests:

- Accounting of financial results.