



# ANALYSIS OF THE DYNAMICS OF FINANCIAL RESULTS AND THEIR DETERMINING FACTORS IN INDUSTRIAL ENTERPRISES

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## Abstract

This thesis analyzes the dynamics of key financial performance indicators in industrial enterprises, including revenue, costs, profit, and loss. The study is conducted using the example of cotton ginning enterprises (CGE), identifying the temporal changes in financial results and the main factors influencing their formation. The analysis reveals the impact of the revenue–cost ratio on financial performance and highlights the dynamic characteristics of profit and loss conditions. The obtained findings have practical significance for ensuring financial stability and supporting managerial decision-making in industrial enterprises.

**Keywords:** Industrial enterprises, financial results, revenue, costs, profit, loss, dynamics, analysis.

## Introduction

In a market economy, the sustainable operation and competitiveness of industrial enterprises are directly related to the positive formation of financial results. Financial results represent the final indicator of enterprise performance, through which production efficiency, the level of resource utilization, and the quality of financial management can be evaluated. In particular, the dynamic analysis of



financial results is of significant scientific and practical importance in industrial sectors with seasonal characteristics, such as cotton ginning enterprises [1].

In practice, financial results in many enterprises are often evaluated only through the final indicator of profit or loss. However, such an approach does not fully reveal the process of financial result formation. Therefore, it is necessary to conduct a comprehensive analysis of revenue and cost dynamics, their interrelations, and the temporal changes in profit and loss conditions.

### **The Concept of Financial Results and Their Role in Analysis**

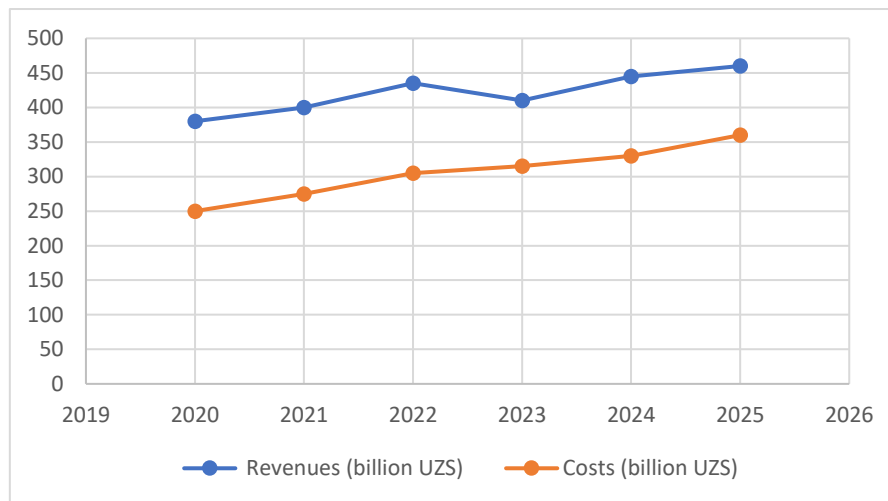
Financial results represent a set of indicators reflecting the efficiency of an enterprise's economic activity over a certain period. They are primarily formed as the difference between revenues and costs. Revenues reflect cash inflows obtained from product sales, service provision, and other types of activities, while costs represent expenditures associated with production and management processes [2].

In cotton ginning enterprises, the formation of financial results is closely related to the purchase of raw materials, processing volumes, energy and labor costs, as well as the conditions for product sales. The significant variation of these factors due to seasonal influences makes it necessary to analyze the dynamics of financial results.

### **Analysis of Revenue and Cost Dynamics**

Revenue and costs are the main structural elements of financial results, and changes in these indicators directly affect the formation of profit or loss. In cotton ginning enterprises, revenues mainly vary depending on the volume of product sales and price factors. Costs are determined by the influence of raw materials, energy resources, wages, and other production-related expenses [3].

Identifying changes in revenues and costs over time makes it possible to better understand the process of financial result formation (**Figure 1**).



**Figure 1. Dynamics of Revenues and Costs (by Years)**

Figure 1 illustrates the divergence between the dynamics of revenues and costs, showing that in certain periods the faster growth of costs has contributed to the deterioration of financial performance.

### Mathematical Representation of Financial Result Formation

The formation of financial results in industrial enterprises can be expressed using the following basic relationship between revenues and costs:

$$P=R-C$$

where:

P – profit of the enterprise;

R – total revenue obtained from the sale of products or services;

C – total costs associated with production and operational activities.

This formula shows that profit is determined by the difference between revenues and costs. Therefore, the dynamics of financial results directly depend on changes in these two components.

To evaluate the efficiency of enterprise activities, profitability indicators are commonly used. One of the basic profitability indicators can be expressed as:

$$Pr = \frac{P}{C} \times 100 \quad (1)$$

where:

$P_r$  – profitability level (%);

P – profit of the enterprise;

C – total production and operational costs.

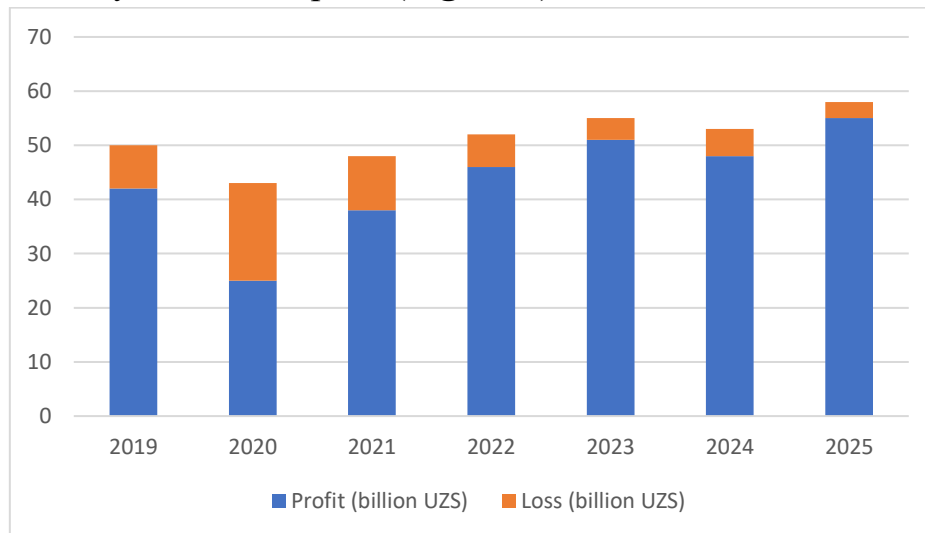
These indicators allow assessing how efficiently industrial enterprises utilize their resources and how changes in revenues and costs affect the overall financial performance.

In cotton ginning enterprises, the dynamics of financial results are significantly influenced by seasonal production cycles, fluctuations in raw material prices, and variations in energy and labor costs. Therefore, analyzing the relationship between revenues and costs over time provides important information for evaluating financial stability and improving management decisions.

### Analysis of Profit and Loss Dynamics

Profit and loss represent the final financial result of an enterprise's activity. Profit is generated when revenues exceed costs, whereas losses occur when costs exceed revenues. In cotton ginning enterprises, the dynamics of profit and loss are often determined by seasonality, the level of capacity utilization, and the effectiveness of financial management.

The dynamics of profit and loss indicators play an important role in assessing the financial stability of the enterprise (**Figure 2**).



**Figure 2. Dynamics of Profit and Loss**

The analysis of **Figure 2** shows that the instability of profit volumes can be explained by the imbalance between revenues and costs.

### Factors Influencing the Formation of Financial Results

The formation of financial results is influenced by a number of internal and external factors. Internal factors include production efficiency, the level of cost

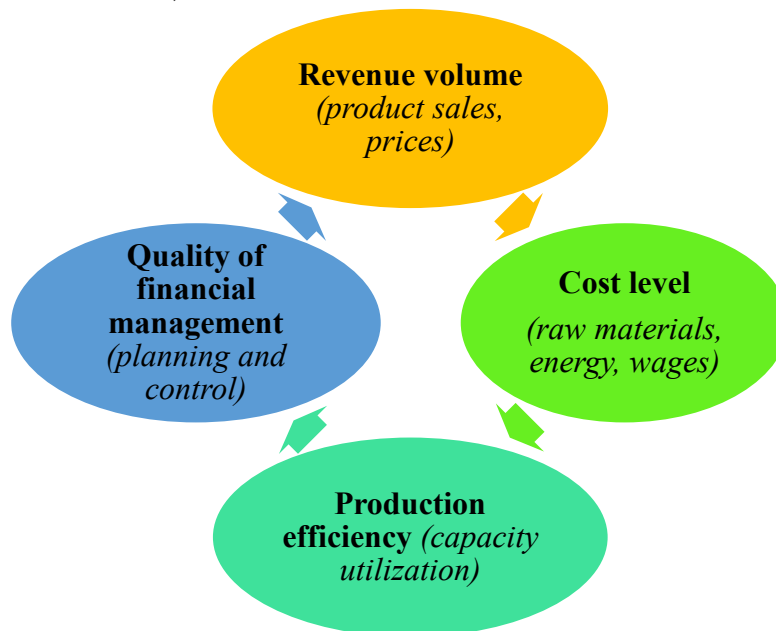
management, and the quality of financial planning. External factors include market prices, the supply of raw materials, and macroeconomic conditions [4]. Financial results are formed under the influence of multiple factors, and identifying the interrelationships between these factors increases the effectiveness of financial analysis (**Figure 3**).

**Cost level** (*raw materials, energy, wages*)

**Production efficiency** (*capacity utilization*)

**Quality of financial management**

(*planning and control*)



**Figure 3. Factors Determining the Formation of Financial Results**

The factors presented in **Figure 3** indicate that financial results have a dynamic nature and that their management requires a systematic approach. In particular, changes in revenue volume and cost levels are directly related to production efficiency and the quality of financial management, each of which influences financial results to varying degrees. Managerial decisions made without considering the interrelationships among these factors may lead to instability in profit indicators or the emergence of loss situations.

In conclusion, analyzing the dynamics of financial results in industrial enterprises, particularly in cotton ginning enterprises, makes it possible to identify the relationship between revenues and costs as well as the causes behind



the formation of profit and loss conditions. The conducted analysis shows that the instability of financial results is often associated with shortcomings in cost management and the insufficient development of financial planning. The results of this thesis provide a scientific and practical basis for improving the mechanisms of financial result management and ensuring sustainable development in industrial enterprises.

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