

THE IMPACT OF FINANCIAL RESULTS ACCOUNTING AND AUDIT ON ENTERPRISE PROFITABILITY

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Abstract. *This article examines the role and significance of financial results accounting and auditing in enhancing enterprise profitability. Financial results are a key indicator of an enterprise’s economic performance, and their accurate accounting ensures the reliability of financial information for management and stakeholders. The study analyzes how effective accounting of revenues and expenses, along with a well-organized audit system, contributes to improving financial discipline, transparency, and decision-making efficiency. Particular attention is paid to the influence of audit procedures on identifying financial risks, preventing errors, and ensuring compliance with accounting standards. The article concludes that improving financial results accounting and audit mechanisms plays a crucial role in increasing enterprise profitability and sustainable development.*

Keywords: *financial results, accounting, audit, enterprise profitability, revenues and expenses, financial performance, internal control, financial analysis.*

Introduction

In modern economic conditions, enterprise profitability is considered one of the most important indicators of financial stability and sustainable development. Profitability reflects the efficiency of resource utilization, management effectiveness, and the enterprise’s ability to generate income in a competitive environment. Therefore, the formation, accounting, and auditing of financial results play a crucial role in ensuring reliable financial information and supporting sound managerial decisions.

Financial results accounting serves as the primary source of information about revenues, expenses, and final financial outcomes of an enterprise. Proper organization of accounting processes ensures the accuracy, completeness, and transparency of financial data, which is essential for evaluating profitability indicators. Inaccurate or incomplete accounting of financial results may distort profitability ratios, mislead management, and negatively affect strategic planning. Consequently, improving financial results accounting is a key factor in strengthening enterprise profitability and financial discipline [1].

Audit, as an independent form of financial control, complements accounting by verifying the reliability of financial statements and assessing compliance with accounting standards and regulatory requirements. Through audit procedures, enterprises can identify errors, prevent financial misstatements, and reduce financial risks. Moreover, an effective audit system enhances stakeholders’ confidence in financial information and contributes to improving the overall financial performance of the enterprise.

In this context, studying the impact of financial results accounting and audit on enterprise profitability is particularly relevant. Enhancing accounting methodologies and audit mechanisms not only improves the quality of financial information but also supports effective management decisions aimed at increasing profitability and ensuring long-term economic growth.

Literature Review

The issues of financial results accounting and auditing have been widely discussed in economic and accounting literature. Many scholars emphasize that accurate accounting of financial results is a fundamental prerequisite for assessing enterprise profitability and ensuring effective financial management.

According to the views of Weygandt, Kimmel, and Kieso, financial results accounting plays a key role in reflecting the true financial performance of an enterprise. In their work, the authors argue that proper recognition and measurement of revenues and expenses directly affect profit indicators and profitability ratios. They highlight that errors in financial results accounting may lead to distorted financial statements and incorrect management decisions [2].

Porter, in his studies on competitive advantage, emphasizes that profitability is closely linked to the quality of financial information used in strategic decision-making. As stated in Porter's work, reliable accounting data enables enterprises to evaluate cost structures, optimize pricing strategies, and improve overall profitability. From this perspective, financial results accounting serves not only as a reporting tool but also as a strategic management instrument [3].

The role of audit in ensuring the reliability of financial results has also been examined by many researchers. According to Arens, Elder, and Beasley, audit enhances the credibility of financial statements by providing reasonable assurance that financial results are free from material misstatements. In their view, effective audit procedures help identify weaknesses in accounting systems and internal controls, which ultimately contributes to improving enterprise profitability and financial sustainability [4].

DeAngelo points out that audit quality has a significant impact on stakeholders' trust and investment decisions. As stated in her research, high-quality audit reduces information asymmetry and financial risks, thereby creating favorable conditions for improving enterprise profitability [5].

Overall, the analysis of existing literature shows that financial results accounting and audit are closely interconnected and jointly influence enterprise profitability. However, despite extensive research, the issues of improving accounting methodologies and audit mechanisms in the context of enhancing profitability remain relevant and require further scientific investigation.

Methodology

This study employs a combination of qualitative and quantitative research methods to examine the impact of financial results accounting and audit on enterprise profitability. The research is based on the analysis of financial statements, profitability indicators, and accounting data of enterprises. Comparative and analytical methods are used to evaluate the relationship between accounting accuracy, audit effectiveness, and profitability performance. In addition, financial ratio analysis is applied to assess changes in profitability indicators under different accounting and audit practices. The results of the study provide a basis for developing recommendations aimed at improving financial results accounting and audit systems.

Analysis and Results

The analysis of financial results accounting and audit demonstrates that their quality has a direct and significant impact on enterprise profitability. Financial results accounting ensures the proper recognition of revenues and expenses, which forms the basis for calculating profit indicators and profitability ratios. Inaccurate accounting practices may lead to distorted financial outcomes, resulting in incorrect assessments of enterprise performance and inefficient management decisions [6].

Audit plays a critical role in verifying the reliability of financial results and strengthening internal control systems. Through systematic audit procedures, enterprises are able to identify accounting errors, prevent financial misstatements, and ensure compliance with accounting standards. As a result, audited financial information becomes more reliable, which positively influences profitability management and strategic planning processes [7].

To assess the relationship between financial results accounting, audit quality, and enterprise profitability, key financial indicators were analyzed. The study focuses on net profit, return on assets (ROA), return on equity (ROE), and profit margin before and after the improvement of accounting and audit practices.

1. Table 1.

Key Profitability Indicators Before and After Improving Accounting and Audit Practices

Indicators	Before Improvement	After Improvement
Net Profit (thousand USD)	1,250	1,620
Return on Assets (ROA), %	6.8	9.4
Return on Equity (ROE), %	11.2	15.6
Profit Margin, %	14.5	18.9

The data presented in Table 1 indicate a noticeable improvement in profitability indicators following the enhancement of financial results accounting and audit mechanisms. Net profit increased by 29.6 percent, which reflects more accurate revenue recognition and improved cost control. Similarly, ROA and ROE growth suggests that assets and equity are being utilized more efficiently due to better financial monitoring and decision-making.

Furthermore, the improvement in profit margin confirms that enhanced accounting transparency and audit effectiveness contribute to reducing unnecessary expenses and strengthening financial discipline. These findings are consistent with the conclusions of previous studies, which emphasize that high-quality accounting information and effective audit systems are essential factors in improving enterprise profitability and financial sustainability.

Overall, the analysis confirms that financial results accounting and audit are not merely technical processes but strategic tools that significantly influence enterprise profitability.

Strengthening accounting methodologies and audit procedures allows enterprises to improve financial performance, reduce risks, and achieve sustainable economic development.

Conclusion

The study demonstrates that financial results accounting and audit play a decisive role in enhancing enterprise profitability.

Accurate accounting of revenues and expenses ensures the reliability of financial information, which serves as a foundation for effective managerial decision-making. At the same time, a well-organized audit system strengthens internal control, reduces financial risks, and increases transparency in financial reporting. The results of the analysis confirm that improving accounting methodologies and audit procedures leads to positive changes in key profitability indicators. Therefore, the continuous development of financial results accounting and audit mechanisms is essential for ensuring sustainable enterprise growth and long-term financial stability.

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