

**Derivation
of the results of the economic and
financial activities of a pharmacy
organization**

3 course 6 semester

In modern economic conditions, the activity of each economic entity is the subject of attention of a wide range of participants in market relations (organizations and individuals) interested in the result of its functioning. Based on the reporting and accounting information available to them, these persons seek to assess the financial position of the organization. The main tool for this, as already noted, is **the analysis of financial and economic activity**, with the help of which it is possible to objectively assess the internal and external relations of the analyzed object: to characterize its solvency, efficiency and profitability of activities, development prospects, and then, based on its results, make informed decisions.

Analysis of financial and economic activities makes it possible to evaluate:

property status of the enterprise;

- the extent of the entrepreneurial market, in particular the possibility of paying off obligations to third parties;
- capital adequacy for current activities and long-term investments;
- the need for additional sources of funding;
- ability to increase capital;
- rationality of attraction of borrowed funds;
- soundness of the profit distribution policy, etc.

In modern conditions, managers are no longer satisfied with the usual statement of the value of reporting indicators, but are interested in a specific conclusion about

- sufficiency of means of payment,
- normal ratios of own and borrowed capital,
- the rate of capital turnover and the reasons for its change,
- types of financing of certain types of activities.

That is why the figures characterizing the volume of sales, net profit, become clearer **in comparison** with the amount of capital expended.

The financial condition of an organization is an economic category that reflects the state of capital in the process of its circulation and the ability of a business entity to self-develop at a fixed point in time.

In the process of supply, production, marketing and financial activities, there is a continuous process of capital circulation, the structure of funds and sources of their formation, the availability and need for financial resources and, as a result, the financial condition of the organization, the external manifestation of which is solvency , are **changing** .

Types of financial stability of an enterprise

The financial condition can be **stable, unstable (pre-crisis) and crisis**. The ability of an enterprise to make payments on time, finance its activities on an extended basis, withstand unforeseen shocks, and maintain its solvency in adverse circumstances is indicative of its sound financial condition, and vice versa.


To ensure financial stability, an organization **must have a flexible capital structure** , be able to organize its movement in such a way as to ensure a gradual excess of income over expenses in order to maintain solvency and create conditions for the development of activities.

Consequently, **financial stability** is the ability of an organization to function and develop, to maintain a balance of its assets and liabilities in a changing internal and external sphere, which guarantees its constant solvency and investment attractiveness within the limits of an acceptable level of risk.

The financial condition of the organization, its sustainability and stability depend on the results of its production, commercial and financial activities .

If the production and financial plans are successfully implemented, then this has a positive effect on the financial situation.

Conversely, as a result of overfulfillment of the plan for the production and sale of products, there is an increase in its cost, a decrease in revenue and the amount of profit and, as a result, a deterioration in the financial condition of the organization and its solvency.



Consequently, **a stable financial condition** is not a fluke, but the result of competent, skillful management **of the entire complex of factors** that determine the results of an organization's economic activity.

A stable financial position, in turn, has a positive impact on the implementation of production plans and the provision of production needs with the necessary resources.

That is why financial activity should be aimed at ensuring the planned receipt and expenditure of financial resources, the implementation of settlement discipline, the discipline of rational proportions of own and borrowed capital and its most efficient use .

purpose of analysis - timely identify and eliminate shortcomings in financial activities and find reserves for improving the financial condition of the enterprise and its solvency

Analysis tasks:

- on the basis of studying the relationship between various indicators of production, commercial and financial activities, assess the implementation of the plan for the receipt of financial resources and their use from the standpoint of improving the financial condition of the organization;
- predict possible financial results, economic profitability, based on various conditions of economic activity, the availability of own and borrowed resources and developed models of financial condition with a variety of options for using resources;
- identify internal reserves;
- justify the economic standards and business plan of the organization;
- develop specific measures aimed at more efficient use of financial resources and strengthening the financial condition of the organization;
- implement the adopted management decisions.

Definitions

Gross income is defined as the difference between the sale and purchase value of goods (trade overlays). It is also called marginal profit. The gross income of a pharmacy organization is formed mainly due to trade allowances, which are set as a percentage of the selling prices of the manufacturer or wholesale trade organization.

A trade markup is an element of the seller's price that provides him with reimbursement of the costs of selling goods and making a profit.

Profit from the sale of goods is an indicator that characterizes the financial result of trading activities and is defined as the excess of gross income over costs for a certain period of time

Gross profit - this is an indicator characterizing the final financial result of the organization's activities and representing the amount of profit from the sale of goods, services, property and the balance of income and expenses from non-sales operations.

Net profit is the part of the gross profit that remains at the disposal of the organization after paying income tax to the budget.

The general positive trend is the annual **increase** in
gross and net profit.

Gross and net profits are
influenced by certain factors

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EXPENSES OF THE PHARMACY

Expenses - reasonable and documented expenses incurred by the organization for the implementation of activities aimed at generating income.

Justified costs are economically justified costs, the assessment of which is expressed in monetary terms. Documented expenses are understood as expenses confirmed by documents drawn up in accordance with the legislation of **the Russian Federation.**

In accounting, the expenses of the organization, depending on their nature, conditions for implementation and activities of the organization, are divided into:

- **expenses for ordinary activities** (in trade organizations - **distribution costs**);
- **operating expenses**;
- **non-operating expenses**;
- **emergency expenses.**

Indicators:

Absolute

allow you to determine which sources of funds and to what extent are used to cover stocks. Practical work on the analysis of indicators of absolute financial stability is carried out on the basis of balance sheet data

In the course of the production process, there is a constant replenishment of stocks, inventory items. Under these conditions, both own working capital and borrowed funds (short-term and long-term loans and credits) are used. By studying the surplus or lack of funds for the formation of stocks, they also establish absolute indicators of financial stability.

The characterization of financial stability in the long term, based on the calculation of absolute indicators, gives only a general assessment.

relative

The degree of dependence on external investors and creditors is characterized by relative indicators of financial stability. Relative indicators of financial stability also make it possible to assess the degree of protection of investors and creditors, since they express the organization's ability to repay its long-term obligations to partners.

The relative indicators of the financial condition of the analyzed organization can be compared with:

- generally accepted "norms" for assessing the degree of risk and predicting the possibility of bankruptcy;
- similar data from other organizations, which allows you to identify the strengths and weaknesses of the organization and its capabilities;
- similar data for previous years to study the trend of improvement or deterioration in the financial condition of the organization.

For different categories of users or subjects of financial analysis, the most interesting are the differences corresponding to their professional and financial interests of the analysis section.

For **the tax inspectorate**, first of all, knowledge of such financial indicators as profit, return on assets, profitability of sales and other profitability indicators is necessary.

For **lending banks** - an extract on the solvency and liquidity of the organization's assets, that is, the ability to cover their obligations with quickly realizable assets. This information is provided by the study of the magnitude and dynamics of absolute and current liquidity ratios. For **partners in contractual relations** (suppliers of products and its consumers), the financial stability of the organization is primarily important, that is, the degree of dependence of its economic activity on borrowed funds, the ability to maneuver funds, and the financial independence of the organization.

Shareholders **and investors** are primarily interested in indicators that affect the return on equity of the organization, the share price and the level of dividends.

Return on equity shows how much profit an organization receives per ruble of its capital during the billing period. Equally important is the volume of sales, which directly affects profits.

Methods of analysis of financial and economic activities

- **Horizontal (temporal) analysis** - comparison of each reporting position with the previous period.
- **Vertical (structural) analysis** - determination of the structure of the final financial indicators with the identification of the impact of each reporting position on the result as a whole.
- **Trend analysis** - comparing each reporting position with a number of previous periods and determining the trend, that is, the main trend in the dynamics of the indicator, cleared of random influences and individual characteristics of individual periods. With the help of the trend, possible values of indicators are formed in the future, and therefore, a prospective predictive analysis is carried out.

Methods of analysis of financial and economic activity

- **Analysis of relative indicators (coefficients)** - calculation of relationships between individual positions of the report or positions of different forms of reporting, determination of interrelations of indicators.
- **Comparative (spatial)** analysis includes both an on-farm analysis of summary reporting indicators for individual indicators of an organization, branches, divisions, workshops, and an inter-farm analysis of the indicators of these organizations in comparison with competitors' indicators, with industry average and other economic data.
- **Factor analysis** - analysis of the influence of some factors (reasons) on the performance indicator using deterministic research methods. Moreover, factor analysis can be both direct (analysis itself), when the analysis is divided into component parts, and reverse, when a balance of deviations is made and at the stage of generalization all the identified deviations of the actual indicator from the base one are summed up due to individual factors.

The information base of the analysis is

- Financial statements.
- Statistical reporting.
- Synthetic and analytical accounting data.
- operational accounting data.
- Extra-accounting information and economic and legal:
 - Charter, Memorandum of Association - organizations
 - banking documents (contracts for settlement and cash services, opening an account)
 - business correspondence.
- Normative-planning documents.
- Technical documentation (passports for equipment).

Analysis of the financial condition includes the following main sections:

- structure of assets and liabilities;
- analysis of property status;
- express analysis of the financial condition;
- liquidity;
- financial stability;
- analysis of business activity and turnover of enterprise funds;
- return on equity and sales;
- the effect of financial leverage;
- leverage effect.

Analysis of the dynamics of the balance sheet

Compare data on the balance sheet at the beginning and end of the reporting period .

A decrease in the absolute value indicates a reduction in economic activity, the reasons for which may be a decrease in demand, a restriction in the receipt of goods, a debt to a pharmacy, etc. The reasons for this must be carefully studied.

The increase in the balance sheet may be due to the revaluation of fixed assets , and not with the development of the organization.

Analysis of the structure of liabilities

They analyze their own (authorized capital, profit) and borrowed funds (bank loans, borrowed funds, accounts payable), both absolute values and their ratio in the balance sheet currency.

An increase in own funds in the balance sheet increases financial stability and independence from creditors.

It is necessary to pay attention to the organization's debt to the budget, extra-budgetary funds, wages to employees, suppliers.

Analysis of the structure of assets

Analysis of fixed assets and intangible assets - a change in absolute indicators for the reporting period (an increase in them indicates the commissioning of new objects, the presence of intangible assets - characterizes the organization's innovation policy.

When analyzing the structure of working capital, their turnover rate is determined, the higher it is, the more efficient the work, there is no overstocking and diversion of funds, and the organization's accounts payable decreases.

To turnover is the ratio of sales proceeds to the amount of working capital.

Particular attention is paid to the dynamics of accounts receivable, its high growth rates indicate that the organization actually shares its income with customers, while at the same time resorting to bank loans to support its own activities, and this can increase its costs (bank interest) and dependence on borrowed funds.

At the same time, it is necessary to make an in-depth analysis in the context of debtors, maturities and prospects for repayment of debts.

Liquidity analysis

Balance sheet liquidity is the degree to which the organization's liabilities are covered by its assets, which reflects the rate of return to circulation of money invested in various types of property and liabilities. The degree of liquidity depends on how long this process takes. Analysis of the liquidity of the balance sheet consists in comparing the funds of the asset, grouped by the degree of their liquidity and arranged in descending order of liquidity, with the liabilities of the liability, grouped by their maturity and arranged in ascending order of terms.

Depending on the degree of liquidity, that is, the rate of conversion into cash, assets are divided into the following groups

- A1. The most liquid assets. These include all items of the company's cash and short-term financial investments (securities). This group is calculated as follows:

A1 = Cash + Short-term financial investments.

- A2. Marketable assets are accounts receivable, payments on which are expected within 12 months after the reporting date.

A2 = Short-term receivables.

- A3. Slowly realizable assets - items in section II of the balance sheet asset, including inventories, value added tax (VAT), receivables (payments for which are expected more than 12 months after the reporting date) and other current assets.

A3 = Inventory + Long-term receivables + VAT + other current assets.

- A4. Difficult-to-sell assets - articles of section 1 of the asset balance sheet " Non-current assets".

A4 = Non-current assets.

Liabilities of the balance are grouped according to the degree of urgency of their payment.

- P1. Most urgent obligations. These include accounts payable.

P1 = Accounts payable.

- P2. Short-term liabilities - short-term borrowed funds, debts to participants for the payment of income, other short-term liabilities.

P2 = Short-term borrowings + Indebtedness to participants for the payment of income + + Other short-term liabilities.

- P3. Long-term liabilities - balance sheet items related to sections IV and V, that is, long-term loans and borrowings, as well as deferred income, reserves for future expenses and payments.

P3 = Long-term liabilities + Deferred income + Reserves for future expenses and payments.

- P4. Permanent liabilities or stable - articles of section III of the balance sheet "Capital and reserves".

P4 = Capital and reserves (own capital of the organization).

To determine the liquidity of the balance sheet, one should compare the results of the above groups for assets and liabilities.

The balance sheet is liquid if the following inequalities are met:

A1 ≥ P1; A2 ≥ P2; A3 ≥ P3; A4 ≤ P4.

The most important analytical ratios that can be used for a general assessment of the organization's liquidity are the following ratios.

Absolute liquidity ratio - is the most stringent criterion for the liquidity of the organization; shows what part of short-term liabilities can be repaid immediately, if necessary, at the expense of available cash and quickly realizable securities. The normal value of the absolute liquidity ratio ranges from 0.2-0.3 and means that 20-30% of short-term liabilities can be repaid by the company immediately at the expense of cash.

Current (total) liquidity ratio - shows whether the organization has enough funds that can be used for short-term liabilities within a certain period.

Quick (intermediate) liquidity ratio - characterizes that part of current liabilities that can be repaid not only in cash, but also from expected receipts for shipped products, work performed or services rendered.