



ENHANCING THE ANALYSIS OF FINANCIAL PERFORMANCE INDICATORS IN TRADE ORGANIZATIONS

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ABSTRACT

This article analyzes the types of analysis of trade organizations' activities and their financial indicators using the example of "Diyor market Kungrad" LLC, and provides scientific conclusions. A SWOT analysis is provided to evaluate the internal organization of the enterprise. To determine the influence of factors, the trade markup and the volume of trade turnover were taken into account.

INTRODUCTION

Retail trade plays a vital role in the country's economy. As a source of funds for budgets at various levels, trade forms the basis of state stability and makes a significant contribution to the development of certain regions of the country. In Karakalpakstan, there is currently an increase in chain retail trade. They are actively increasing their presence in Tashkent and other regions of the country, which is reflected in record business growth rates.

Even in the period of digital economy, retail turnover showed an increase of 8-10% compared to the previous year, which in 2018 amounted to 113,971.7 billion soums. During the observation period (2018-2024), retail trade turnover increased by 296,096.40 billion soums, or nearly threefold. However, in 2018-2019, the dynamics of retail trade in Uzbekistan showed a negative result and averaged 120,664 billion soums, or 92.7%. In 2020, retail trade turnover increased by 168,649.00 billion soums, or 100.6%. In 2022, sales improved about 105 % and retail trade turnover in 2024 amounted to 151% (in comparable prices) compared to the level of the corresponding period last year (Figure 1).

Since 2022, the retail market in Uzbekistan has been developing at a rapid pace, which indicates a constantly growing turnover. *The first sign is that the market is not saturated, the second sign* due to the abundance of modern retail trade, the entry of strong industry participants into the country has led to the development of consumer goods trade. The companies began their activities by diversifying their product range. Food chains began opening stores of various sizes, switching to non-food channels, such as opening beauty shops or stores.

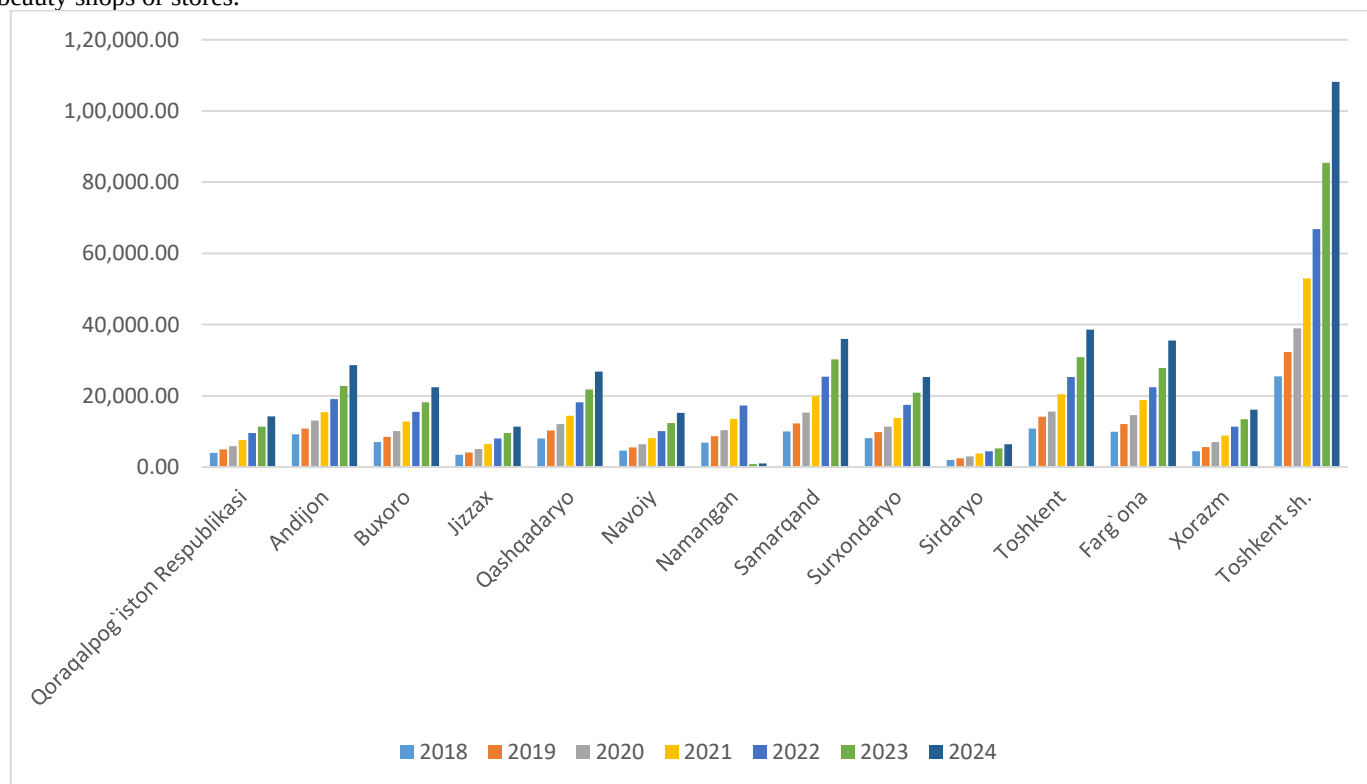


Figure 1 Retail trade turnover of the regions of the Republic of Uzbekistan (billion soums)¹

¹ www.stat.uz website data



The first and most important factor affecting the development of the industry was the slowdown in economic growth rates by the end of 2020, which led to low retail sales. Real GDP growth and the slowdown in consumer spending and rising inflation have limited consumer demand across all retail channels compared to 2020.

The growth of some retail channels was somewhat supported by higher retail prices at the end of 2021 as a result of very high demand for everyday goods. However, the food embargo on goods imports and the loss of cooperation between companies in Ukraine and Russia significantly affected the relationship between retail market participants. Sanctions on imported food products forced retailers to seek new partners both in the domestic market and in countries not affected by the embargo. All of this had a significant impact on the growth of retail prices and, consequently, on inflation.

According to experts, market development will continue in 2018–2022. Against the backdrop of the stabilization of the economy, this affects the growth of consumer spending.[1]

The main driver of future retail growth will be an increase in retail prices. Retailers who adapt their pricing policies to the new economic situation and meet the needs of price-sensitive consumers will succeed. This policy supports the development of retail formats that sell goods at low and fixed prices.

The retail market is still characterized by uneven geographical distribution. According to the State Statistics Service, the structure of retail trade turnover in Uzbekistan is as follows.

Table 1.1.
Structure of retail trade turnover in Uzbekistan (in percent)

Indicators '	2018	2019	2020	2021	2022	2023	2024
Retail trade turnover - total	100,0	108,6	105,0	117,0	110,8	111	110,6
turnover of trading organizations	110,3	138,7	115,9	127,6	116,9	122	124
trade in goods in clothing, specialized and food markets	96,4	96,5	98,7	109,9	105,8	107,1	107,7
Of the total retail trade turnover:							
food products	93,1	105,1	101,7	117,1	104,8	111	112,6
non-food products	105,9	111,2	107,3	110,6	115,5	118,9	110,9

Retail chains continue to develop multi-format. The largest retailers in Uzbekistan rely on the development of multi-format strategies, including online commerce and mobile commerce. The share and volume of online commerce will continue to grow, contributing to the development of the largest local and international players. Weak purchasing power and uncertainty about future economic development are forcing consumers to look for opportunities to buy at more attractive prices. This will stimulate the active development of stores with low competitive prices, and such formats will develop in 2021-2022. It is planned to strengthen communication with consumers and increase traffic to key retail outlets through new sales channels.

In the first quarter of 2023, the volume of retail trade in Uzbekistan amounted to more than 59 billion soums, exceeding the figures for January-March 2022. The main contribution to retail trade in Uzbekistan amounted to about 48.9 billion soums, which was made by small businesses and private entrepreneurship. The remaining volume consists of large enterprises. Compared to the first quarter of 2022, retail trade turnover in Uzbekistan increased by 5.2% [Stat.uz]. The highest growth rates of retail trade were recorded in the capital of our country, as well as in the Tashkent and Fergana regions. The Statistics Agency also estimated the volume of unorganized trade. In January-March 2023, this figure amounted to nearly 6.2 billion soums, which is 4.1% more than a year earlier. We are talking about food markets and livestock markets.

With the emergence of online sales in Uzbekistan, the availability of online payment options has increased the ability of consumers to purchase goods online. E-commerce in Uzbekistan Since 2019, retail channels have been developing rapidly, and there are key reasons for the rapid growth of e-commerce. The main thing among internet users is to buy without seeing the seller. New buyers are mainly appearing in mid-sized cities. The continuous penetration of commerce through the Internet leads consumers to use these channels for shopping. The next factor in the development of online commerce is active marketing campaigns. Retailers who have recently expanded e-commerce are promoting the ability to buy products online to prevent customers from switching to other online stores. Communication with Internet users will become a necessary part, and companies will encourage the customer to use one or more channels they provide.

"On Approval of the Rules of Retail Trade in the Republic of Uzbekistan and the Rules for the Production and Sale of Public Catering Products (Services) in the Republic of Uzbekistan" was approved by Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 75 dated February 13, 2003. In accordance with this decision, the following must be present[4]²:

² Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 75 dated February 13, 2003, "On Approval of the Rules of Retail Trade in the Republic of Uzbekistan and the Rules for the Production and Sale of Public Catering Products (Services) in the Republic of Uzbekistan."



The seller is obliged to bring the following necessary and reliable information about the goods provided for by law to the attention of the buyer in a timely, visual, and accessible form:

- product name;
- barcode of the product (if available);
- rules and conditions for the safe use of goods;
- if specified for one product - warranty period;
- if established for a single product — the service life or shelf life, as well as information on the necessary actions that the buyer must take after the expiration of the specified periods, and the consequences that may arise if such actions are not performed if the goods pose a danger to the life, health, and property of the buyer or become unfit for use after the expiration of the specified periods;
- the price of the product and the conditions for its purchase;

Cash settlements with buyers for goods are carried out using cash registers, and in cases provided for by legislation, online cash registers or virtual cash desks. The head of the trade facility is obliged to familiarize the seller-employee with the rules for working with cash registers (virtual cash desks).

Business entities engaged in the retail trade of products with mandatory digital labeling, as well as public catering services, regardless of their organizational and legal form and type of activity, are required to use special devices that ensure the correct reading and identification of barcodes and digital labeling codes, namely online cash registers or virtual checkouts equipped with scanners, data collection terminals, or other types of special devices.

In stationary retail outlets and mobile retail facilities, the presence of a settlement terminal for accepting payments using bank cards must be ensured.

Along with the purchase, the seller-employee is obliged to issue to the buyer a cash receipt, a commodity receipt with a mark of payment for the sale of certain types of goods (antique items, jewelry made of precious metals and precious stones, products made of natural fur, etc.), except in cases provided for by the legislation of the Republic of Uzbekistan.

Services recommended by the seller in connection with the sale of goods may be provided only with the consent of the buyer. The buyer has the right to refuse the services offered during the sale of the goods, as well as to demand a refund from the seller of the amount paid for services rendered without their consent.

The seller is not entitled to condition the sale of certain goods on the acquisition of other goods or the provision of services in connection with their sale, except in cases where, according to technical requirements, the goods cannot be assembled and (or) installed (connected) without the participation of relevant specialists. The seller-employee must provide the buyer with goods of the required quality in containers and (or) packaging, in a specific set (set of goods), and in full, along with the documents and inventory related to the goods.

For seasonal goods, the deadline for filing claims related to defects in the goods is calculated from the moment the corresponding season begins after the date the goods were purchased. Based on the climatic conditions of the Republic of Uzbekistan, the seasons are as follows:

- between November 25 and March 10 as the winter season;
- spring season from March 11 to May 14;
- if it's the summer season, starting from May 15 until September 15;
- The autumn season lasts from September 16 to November 24.

All retail facilities are subject to mandatory inspection for compliance with the requirements of these Rules. The inspection is conducted once by local government authorities upon the opening of a retail facility.

Features of retail trade in food products

In the information on food products, in addition to the requirements specified in paragraph 15 of these Rules, in accordance with the mandatory requirements of technical regulations and standards, depending on the type of goods:

- names of ingredients included in food products, including food additives;
- information on nutritional value (calorie content, content of proteins, fats, carbohydrates, vitamins, microelements), weight and volume in metric units;
- field of application (for children, therapeutic and preventive, food products and dietary meals, etc.);
- methods and conditions of preparation (for concentrates and semi-finished products) and application (for children, therapeutic and preventive products and dietary food);

Retail is a growing industry with great growth prospects. This is due to the unsaturated nature of the market and the specifics of the development of this business sector in Uzbekistan.



In any commercial organization, financial indicators are the primary means of measuring a company's performance. This measurement is required to:

- comparing planned and actual sales;
- evaluating sales dynamics by period (not only in rubles, but also in volumes (liters, units, etc.),
- monitoring changes in customer preferences,
- monitoring changes in commodity prices,
- understand which products are useful and which are useless;
- comparing sales by managers and departments;
- monitoring emerging problems.

Sales analysis at a retail enterprise—multi-stage sales analysis—allows for identifying the true causes of negative changes in the company's operations and forecasting growth. Types of retail analytics you should use when researching your business[1]:

- analysis of profit and sales volume by periods (monitoring growth and decline in profit and sales volume, identifying causes);

- ABC analysis - allows for the determination of the structure of commodity turnover (which goods are most profitable and which ones bring the least income or do not),

- XYZ analysis - helps to assess the uniformity of demand for a particular product or store as a whole (it allows you to determine which products are in constant demand, which have predictable demand, and which have low and unpredictable demand),

- analysis of average receipts for the period - shows changes in the quality of the retail outlet's work (average verification indicator is the ratio of the store's total revenue to the number of receipts),

- profit analysis per sq.m (calculation of profit per sq.m) - comparing different points in the same industry or analyzing this indicator over time and asking about the reasons and factors that influenced the change in the indicator in one direction. or other, analyzing the conversion of a visitor to a customer over time, identifying the reasons for the change (in the calculation, it is recommended to take into account the average conversion for the entire industry - for example, conversion to a customer in grocery stores is usually 100%, and in car dealerships - 3%.

By analyzing sales volume, they receive information for tactical and strategic actions and make thoughtful and informed management decisions. They also identify useful and weak positions in the product portfolio and help evaluate the performance of marketing and sales department employees.

Analyzing sales activity solves several problems:

- determining how effective management and marketing decisions were;
- identifying the most and least profitable product groups;
- planning the range and schedule of purchases;
- determining seasonal fluctuations in demand.

Market analysis helps identify the most important market segments. Based on the information received, they change sales routes or designate new, promising ones. Profit analysis allows for the identification of factors influencing the volume and structure of income received by the company.

Retail analysis includes the following indicators:[2]

- volume of products sold;
- volume of supplied products;
- number of buyers;
- the unit cost of the product without additional payment;
- sales level by categories and regions.

The following types of sales analysis are distinguished:

If the assortment consists of several items, a structural sales analysis is necessary. It is usually combined with ABC analysis. In this case, the most useful products among those requiring active advertising will be determined. Harmful products will be replaced or restarted. The same type includes average check analysis, which can be used to formulate relevant advertising proposals, make decisions about placing goods on shelves, and more accurately calculate consumer preferences.

Factor analysis of retail trade allows for the identification of problems in sales dynamics and the identification of their causes. The following formulas will help you do this:

$$\text{Change in sales volume} = (\text{Actual volume} - \text{Planned}) * \text{Planned price}$$

$$\text{Price change} = (\text{Actual} - \text{Planned}) * \text{Sales volume.}$$

Demand Uniformity Analysis - XYZ analysis helps determine the stability of buyer interests and allocate working capital accordingly.

There are several methods for analyzing retail sales:

The ABC method is based on the Pareto principle, according to which 20% of the product range accounts for 80% of profit, while the remaining product objects account for only 20%. As a result, the following product categories are determined:

A – main income-generating models;

B - goods of average demand;



C - residues.

Each category yields a profit of 80, 15 and 5%, respectively. Analysis of retail sales by ABC shows the possibility of excluding C-category goods to optimize sales.

KPI - Trade efficiency indicators. Indicators can be used to evaluate the performance of a specific employee, all employees, and the organization as a whole.

SWOT is necessary for assessing the internal organization of the enterprise.

S - assessment of the company's strengths;

W - analysis of weaknesses requiring solutions;

O - opportunities for the development and expansion of production capacities;

T - potential threats that must be taken into account.

This allows you to look at the company from several angles and overcome the difficulties that arise. We will conduct a SWOT analysis of "DIYOR MARKET KUNGRAD" LLC.

Table 1
SWOT analysis of "DIYOR MARKET KUNGRAD" LLC

S - assessment of the company's strengths;	W - analysis of weaknesses requiring solutions;
- Located near the market - sells food products - competitive	- Products have a limited shelf life - Based on supply and demand
O - opportunities for the development and expansion of production capacities;	T - potential threats that must be taken into account.
- Use Wifi - Increase delivery capabilities	- Increase in advertising products - Online sales are developing at a high level

As can be seen from this table, it is advisable for an LLC to organize delivery and online sales.

The analysis of product sales by XYZ-XYZ is necessary to assess the uniformity of demand for the product range.

X - goods of stable demand showing a coefficient from 0 to 10%;

Y - average stability goods with a coefficient from 11 to 25%;

Z - unstable product groups with a variability coefficient of more than 25%.

The majority of the company's assortment should be represented by products that sustain customer interest. They were included in the first group with a low coefficient of variability. In addition, it is necessary to analyze the sales market and study the target audience.

To get results, retail analysis requires:

- calculate revenue to determine whether sales have increased or decreased during the selected time period;
- conducting an analysis of internal indicators, namely growth and decline dynamics, profit, profitability, and purchase incentives;
- evaluate the work of the head of the sales department and determine its effectiveness;

Profitability and profitability are the measures of the profitability of trade enterprises. Profit and its relative form—profitability—are among the evaluation indicators of commercial enterprises.

In order to cover circulation costs and ensure the profitability of trade enterprises, trade discounts from retail prices and trade markups on purchase prices are applied in their favor.

The difference between the revenue from the sale of goods and their purchase price constitutes the gross income of trade enterprises.

The growth of gross income is determined by an increase in the volume of turnover and the average percentage of the trade markup, the latter of which may change under the influence of structural changes in the goods sold. The difference in the actual amount of gross income from the plan or from the previous year occurs under the influence of two factors:

- Changes in the volume of trade turnover.
- Change in the average percentage of the trade markup.

To determine the influence of the first factor, it is necessary to multiply the difference in turnover by the planned level of the average percentage of the trade markup and divide by 100.

To determine the influence of the second factor, it is necessary to multiply the difference in the average percentage of the trade markup by the actual volume of turnover and divide by 100.

The source for the analysis of gross income is Form 2 "Report on Financial Results" [6]. As seen from the data in Table 2, the actual gross income in the reporting year increased by 2025.6 thousand soums compared to the business plan. Both factors had a positive impact on this change, namely the increase in trade turnover volume and the average percentage of trade markups.



Table 2.
Analysis of the fulfillment of the business plan for gross sales revenue

No.	Indicators	2023	2024	Difference (+,-)
1.	Retail turnover	19196042,30	26421940,50	7225898
2.	Gross revenue	2313217,70	3273834,50	960616,8
3.	Average sales markup percentage (line 2) *line 100:1)	12,05	12,39	0,34

Due to the first factor, an increase in gross income of 960,616.8 thousand soums was ensured:

$$7225898 \times 12,05 / 100$$

Due to the second factor, an increase in gross income by 1,188.9 thousand soums was ensured:

$$+0,34 \times 26421940,50 / 100$$

Balance of factors: $870,720.14 + 89,834.54 = 960,616.8$ thousand soums.

The "Regulation on the Composition of Costs" provides the procedure for calculating indicators reflecting the financial results of trade enterprises. Therefore, taking into account the specifics of the trade sector, a procedure for calculating intermediate profit indicators can be recommended:

Determining gross profit from the sale of goods by subtracting only sales costs from gross revenue.

Profit from core production activities is defined as the difference between gross profit from the sale of goods and operating expenses (which account for only administrative expenses), plus or minus other operating income and expenses of the core activity.

Net profit is calculated as follows: profit before tax minus income tax and other taxes and fees. The aforementioned methods for analyzing the profit indicators of commercial enterprises differ little from the analysis in agriculture. For example, let us consider the methods for analyzing factors influencing changes in the gross profit of a trade organization from the sale of goods (Table 3).

Table 3.
Analysis of gross profit from sales of goods

No.	Indicators	2023	2024	Difference (+,-)
1.	Retail turnover	19196042,30	26421940,50	7225898
2.	Gross revenue	2313217,70	3273834,50	960616,8
3.	Average percentage of sales markup (line 2*line 100:1):	12,05	12,39	0,34
4.	Circulation costs associated only with the sale of products	779789	1051675	271886
5.	Circulation cost level (line 4*line 100:1)	4,06223839	3,98031	-0,0819
6.	Gross profit from the sale of goods (rows 2-4)	1533428,7	2222160	688731
7.	Profitability level relative to turnover (6q *100: 1q)	7,98825443	8,41028	0,42203

As seen from Table 2, the gross profit from the sale of goods in the reporting year actually increased by 688731 thousand soums compared to 2023.

The following three factors contributed to this growth:

Changes in retail turnover volume. Gross profit from the sale of goods due to an increase in turnover volume by 7225898 thousand soums amounted to 303.4 thousand soums $[7225898 \times 4.2 : 100]$.

The growth of gross profit was positively influenced by an increase in the average trade markup by 0.34% $[0.34 \times 26421940.50 : 100] = + 89.84$ thousand soums. $26421940,50$

The level of circulation costs decreased by -0.0819%, leading to an increase in gross profit from the sale of goods by 2,163.9 thousand soums:

$$[-0.0819 \times 26421940.50 / 100].$$

Factor analysis methods for primary production activities, general economic activities, profit, pre-tax profit, and net profit differ little from the analysis of these indicators in agriculture.

The analysis of profitability indicators shows that the absolute amount of profit does not determine the level of economic efficiency of trade enterprises. Therefore, it is necessary to determine relative indicators. This indicator is the profitability indicator.

Profitability indicators are one of the indicators reflecting the economic potential of the total social production and each individual trade enterprise. This indicator reflects the monetary expression of savings in living and objectified labor and the mass of surplus product spent on the production and sale of products and services in order to increase expanded production, ensure national needs, and promote the social development of the people.



Based on the "Regulation on the Structure of Costs," the following profitability indicators are recommended: total asset profitability, profitability of products sold, and return on equity (equity) [4].

Profitability indicators in trade enterprises are determined by two methods[5]:

Method 1: as the ratio of profit to turnover;

Method 2: as the ratio of profit to circulation costs.

These methods have fully preserved their significance in trade enterprises even today. Methodological recommendations for financial analysis recommend the following profitability indicators: profitability of products sold, profitability of fixed assets, profitability of equity, and profitability of permanent capital.

Table 4.
Profitability analysis

Profitability indicators	Formula	LLC
Return on Assets (ROA)	Return on Assets (ROA Return On Assets) = net profit / average annual value of assets	0,13
Sales profitability	Return on sales = Gross profit from the sale of products (goods, works, and services) / Net sales revenue	15,9
Return on Equity (ROE)	Return on Equity (ROE Return On Equity) = Net profit / Equity	0,14
Operating Return on Sales (ROS Return On Sales)	ROAS Return On Sales = Operating Profit / Net Sales Revenue	1,17

In Table 4, we see that the return on assets is equal to 0.13, and the return on sales is equal to 16, which is 16 times more during the year. This indicates that the activities of the LLC are good. Two main goals of accounting in trade have been identified: first, to monitor accounting and the safety of goods, and second, to provide the organization's management with timely information on profit, inventory status, and the efficiency of their use. The structure of assets of "DIYOR MARKET KUNGRAD" LLC for the analyzed period (December 31, 2021) is characterized by a large share of current assets (43.4%) and a small share of cash assets. The organization's goods changed significantly for the entire period (by 13.6%). Taking asset growth into account, it should be noted that equity increased by 101.74%. Rapid growth in equity compared to the overall change in assets was considered a positive factor. The choice of material accounting option to a certain extent affects the formation of the cost of the finished product and the amount of profit. "DIYOR MARKET KUNGRAD" LLC has selected the actual cost accounting method most suitable for its specific activities. The cost price of goods sold is determined by subtracting the trade markup for the goods sold from the amount of sales revenue. According to the data, this amount was 6,500,000 soums (16 million - 9.5 million). In accordance with NAS No. 21, the cost of goods sold is reflected in the accounts as follows. Several types of sales activity analysis were explained, and a SWOT analysis of "DIYOR MARKET KUNGRAD" LLC was conducted, and we can see that the positive aspects are high. Change in the volume of retail trade turnover. Gross profit from the sale of goods amounted to 303.4 thousand soums due to an increase in turnover of 722,898 thousand soums, the growth of gross profit was positively influenced by an increase in the average percentage of trade markup by 0.34% + 89.84 thousand soums. The level of circulation costs decreased by -0.0819%, which led to an increase in gross profit from the sale of goods by 2,163.9 thousand soums.

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