

**Kyiv National University of Trade and Economics
Economics and Finance of Enterprise Department**

**FINAL QUALIFYING PAPER
on the topic:**

**The assessment of financial condition at the enterprise
(based on the materials of LLC "LuxKraina", Kyiv)**

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АНОТАЦІЯ

Тарасова Т. Є. «Оцінка фінансового стану підприємства» (за матеріалами ТОВ ««ЛюксКраїна», м. Київ). – Рукопис.

Випускна кваліфікаційна робота за спеціальністю 051 «Економіка», спеціалізація «Фінансовий менеджмент» – Київський національний торговельно-економічний університет – Київ, 2019.

Випускну кваліфікаційну роботу присвячено теоретичним, методичним і практичним аспектам обґрунтування потреби підприємства у залученні банківського кредиту. Представлена робота дозволяє дослідити основні засади, методи та засоби визначення потреби залучення позикових коштів у вигляді банківських кредитів та оцінити їх цільове використання.

Ключові слова: платоспроможність, рентабельність, ділова активність, ліквідність, фінансова стабільність.

ABSTRACT

Tarasova T. Y. «Assessment of financial condition of the enterprise" (based on the materials of LLC "LuxKraina", Kyiv). – Manuscript.

Final qualifying paper on the specialty 051 "Economics", specialization "Economics and Security of Business". – Kyiv National University of Trade and Economics. – Kyiv, 2019.

The final qualifying paper is devoted to theoretical, methodological and practical aspects of substantiation of enterprise needs in attracting bank loans. It allows investigating the basic principles, methods and means of determining needs to attract financial resources in the form of bank loans and to assess their intended use.

Key words: solvency, profitability, business activity, liquidity, financial stability.

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INTRODUCTION

Actuality of the theme. It is impossible to imagine a large or medium-sized company that does not use financial analysis in its activities. In the 20th century, every organization, even the smallest in its activity, resorted to assessing its financial condition. Currently, each company is in severe competition, each organization seeks to increase its profits, reduce costs and it is impossible to just go with the flow, because this will lead to an inevitable collapse. Therefore, the topic of diagnosing the financial condition of the enterprise is very relevant.

The conceptual foundations of the essence and theory of financial condition are considered in the scientific works of domestic and foreign economists: A.D. Sheremeta and E.V. Negasheva, Abalakina T.V., M.N. Kreinina, Aliyeva N.V., Avdeev S.V., Zamedlina E.A., N.N. Seleznev and A.F. Ionova, Yu.S. Tsal-Tsalko, Efimova O.V., Melnik M.V., Baldin K.V., Blank I.A., Dubrova O .S., Sheremet AD, Geleta I.V., Altman E.I., Zmijewski M.E., Kramarenko G.A., Niculescu M., Savitskaya G.V., Whelan C., Dambner S., Joseph E. Stiglitz, Smith D., Robert D. Kaplan, D. Steinbock, Chandler M., and others. In their work, they describe how to assess the financial condition of firms, develop the necessary management solutions to reduce the risks of insolvency, prevent or eliminate the negative impact from various factors, diagnose the financial condition and develop measures for finding solutions to problems.

However, there are a number of theoretical and practical problems that remain unresolved both at the level of enterprises in general and at the level of individual branches. These should include the problem of correct evaluation of financial results, the problem of completeness information, the problem of distortion of financial statements. Also exist another problem related with financial diagnostics : there are big area for diagnostics, use a lot of methods and huge mount of financial coefficient

make diagnostics more complicated and the value of coefficients sometimes contradict each other.

The purpose and tasks. The **purpose** of the research is to substantiate theoretical provision and practical aspects of financial condition management of enterprise.

The following **tasks** were set and solved in the final qualifying paper in order to achieve this goal:

- To investigate the essence of the financial condition of the enterprise
- To discover the methodological support of diagnostics of the financial condition of the enterprise
- To analyze of composition, dynamics and structure enterprise assets and liabilities
- Analysis of liquidity, financial stability and solvency in the enterprise
- Assessment of profitability and business activity of the enterprise
- Substantiate the ways of improvement financial condition of the enterprise

Object of researching: is the process of financial condition management of enterprise.

Subject of researching: is the mechanism of financial condition management of enterprise.

General information about analyzed company: for more than 5 years LuxKraina is an independent energy seller in Ukraine. The main goal of company is to supply fuel supplies for consumers with the best services, deliver high quality products right on time. Among their customers we can find international airlines, industrial and manufacturing companies, airports, military forces, agricultural businesses, gas stations and traders.

Main products, with which company works are: aviation fuel; natural gas; electricity; oil products.

Company has business in few cities in Ukraine, where provide aviation fuel in the biggest airports : Kyiv (in both airports : “Kyiv” and “Boryspil”), Lviv, Odesa and Zaporizzia. Selling aviation fuel business is main activity of company, which bring main profit. Also company supply big amount of oil products in gas station or agricultural business companies. Company sells such kind of oil fuel:A95 petrol;A92 petrol;Dieselfuel;Gas (LPG).

Based on Financial Statement of this company was made analysis of financial condition this company.

Methodsof the research. which used during whole work described below:dialectical cognition method;factor analysis;monographic method;method of economic and statistical indicators;index method;synthesis;induction;deduction.

The **information base** for research is articles, books and other scientific works of scientists regarding the importance and role of efficiency, performance or analysis of enterprise, methodical approaches to the implementation of a comprehensive economic analysis of the enterprises activity. Secondary data was retrieved from statistical, annual reports of enterprises for the period 2015-2018.

The **scientific novelty** of the results obtained is making financial diagnostics using different methods with all disclosure their results.

Practical meaning. The results of the conducted research and the suggested ways of optimization can be taken into account and used by the enterprise in the further decision-making concerning financial crisis diagnostics of an enterprise.

Approbation. The results of the study were presented at the enterprise for their further application and published in the collection of master’s articles “Economics and Finance of Enterprise” in an article on the topic: “Theoretical aspects of the financial statement analysis on the enterprise”.

Structure of the paper. The logic of the research resulted in the structure of the work: introduction, 3 chapters, conclusions and proposals, references, 15 appendices. Total amount of pages in the work with appendices is 86 pages.

CHAPTER 1

THEORETICAL ASPECTS OF THE DAIGNOSTICS OF THE FINANCIAL CONDITION OF THE ENTERPRISE

1.1 The essence of the financial condition of the enterprise

Nowadays, most Ukrainian firms are experiencing financial difficulties. This is due not only to the general situation in the country, but also to the weakness of financial management. Inaccurate assessment of the financial condition in companies and the objectives of the company are not clearly defined, the lack of accurate strategic goals put many organizations on the verge of bankruptcy. Also, the problem is that managers cannot make the right decisions, and creditors cannot minimize their risks due to an inaccurate assessment of financial data.

Each enterprise is faced with an ever-changing situation and must constantly solve certain problems. In order to organize sound financial management, it is very important to understand the state of affairs at the enterprise, to know, to have information about its markets, customers, suppliers, competitors, sales markets, the quality of its products, ways to achieve current and future goals, etc.

The analysis of financial condition in a market economy is an important part of information support for management decisions. In obtaining detailed information about the financial situation in the company, its activities are interested in almost all subjects of market relations: owners, shareholders, investors, auditors, banks and other creditors, exchanges, suppliers and buyers, insurance companies and advertising agencies. The results of the study show that there are a significant number of techniques for analyzing the financial condition of an enterprise.

The concept of financial condition is determined by a group of indicators that show the availability and efficiency of placement and use of financial resources, the ability of an organization to finance its own activities at a certain point in the

company's life cycle. The state of financial resources of an enterprise allows it to dispose of funds, as a result of their effective use, to ensure the continuity of the production process, as well as the processes of marketing, expanding and updating the range. Financial condition is an important characteristic of the financial activity of an enterprise, determining the organization's potential, competitiveness and endowment with its own funds. Studying and analyzing many scholars' works showed that most authors describe the financial condition as the state and efficiency of the use of financial resources of the organization on a specific date.

Further, for simplicity, the explanation of the differences of opinions of different economists on the concept of "financial condition in the company" is created in Appendix A.

However, some authors have not fully described the definition and need to be adjusted. For example, Savitskaya puts emphasis on the capital of the enterprise. Undoubtedly, the capital of the enterprise says a lot, but the assets and liabilities of the enterprise also affect the financial condition. Therefore, we can conclude that the definition is not complete.

Let us consider a few more concepts that are not part of table in Appendix A. Nedosekin S.V argued: "financial condition is the ability of an enterprise to finance its activities." This is true, however, this concept misses many factors, for example, in the first years of its activity, few enterprises can fully finance their activities, but at the same time they bring huge profits. Due to the fact that enterprises must pay significant amounts of money for loans and repay their interest, the financial result does not look great.

Kameneva I. A. wrote that a steady state is achieved continuously, in the course of the entire activity of the enterprise and is characterized by the ability of the enterprise to make payments on time and, if necessary, to bear the onset of unforeseen circumstances. And, of course, a financially stable enterprise does not come into conflict with society and timely pays various deductions, such as taxes, duties, fees,

contributions to funds, as well as wages to workers and dividends to shareholders. This concept looks quite complete, but in general the description of the concept does not look very clear. Obviously, the company must cover all expenses and expenses, including taxes, administrative and operating expenses, must pay different percentages, as a matter of course, and in our opinion it is not necessary to put so much emphasis on different payments from profit.

R. L. Zhabekova gives the concept of "the financial condition of the enterprise is a multidimensional economic value, reflecting the availability and use of financial resources of the enterprise." This concept is short and not very clear to an ordinary student.

V. L. Bykadorov, P. D. Alekseev describe the financial condition of the enterprise as the most important characteristic of reliability, competitiveness, stability of the enterprise in the market, is characterized by the placement and use of funds (assets) and sources of their formation (equity and liabilities, i.e. liabilities) This concept is well described and understandable, it is hard to disagree with this concept and only small details can be added.

V. I. Barilenko gives the definition: "financial condition is a characteristic of financial competitiveness, that is, solvency, creditworthiness and more, the use of financial resources of an enterprise and capital, fulfillment of obligations to the state and other enterprises". Unlike other opinions of scientists, this definition refers to competitiveness.

On the one hand today, competition means a lot in the life of an enterprise, but not all enterprises face competitiveness problems. It can also be noted that many successful enterprises have a very good financial condition, not being able to compete highly in the market. The company has an obligation not only with other enterprises and the state. Good financial condition at the enterprise arises after covering all existing obligations.

J. A. Rusak, V. A. Rusak explains the financial condition as follows: “this is the ability to finance one’s activities, which is characterized by the availability of financial resources necessary for normal production, commercial and other types of activities of the enterprise, the appropriateness and effectiveness of their placement and use, financial relations with other business entities, solvency and financial stability”. This concept is quite complete and well describes the activities of the company.

E. A. Markaryan, T. P. Gerasimenko in their scientific work deduced the definition of the financial condition of an enterprise: “this is a set of indicators reflecting the ability of an enterprise to repay its debt obligations”. In general, this is a true and very broad definition. But the financial condition is affected not only by the ability to pay your obligation, but also by many other factors, for example, the ability to increase your profit, the ability to increase profitability and more

Based on the analysis of the scientific economic literature, it is possible to define the concept of the “financial condition of an company”, which is displayed in AppendixB.

The financial condition of the enterprise is a complex concept, which is the result of the interaction of all elements of the system of financial relations of the enterprise, is determined by a set of production and economic factors and is characterized by a system of indicators reflecting the availability, placement and use of financial resources.

Nowadays, there is exist multiple approaches are used to evaluate the financial support of an enterprise. Diagnosis of financial condition should be carried out in the following forms :

- carrying out the analysis of indicators that determine the effectiveness of the activity in accordance with the strategic goals of the enterprise;
- rapid diagnostics of the financial state of the enterprise, that is, analyzing a system of interrelated indicators that determine the overall financial state of the

enterprise;

- control of financial indicators, which will determine the consequences of financial activity, to neutralize the negative dynamics[10, p. 182]. All this indicators are important, but we can say that better methods of evaluating financial condition is complex and full evaluation, which base in all financial statement with making big attention on company's Balance Sheet and Profit and Losses Statement and even Management report.

Thus, drawing conclusions from a critical analysis of the literature and our own elaborations, we can summarize that financial analysis is part of the analysis of financial and economic activities. The essence of financial analysis consists in assessing and forecasting the financial condition of an enterprise on the basis of financial reporting and accounting data, as well as in identifying potential opportunities to increase the efficiency of capital use and sustainable development of an economic entity. Financial condition - the level of balance of individual structural elements assets and capital of the enterprise, as well as the level of efficiency of their use. Optimization of the financial condition of the enterprise is one of the main conditions its successful development in the future. At the same time, the crisis the financial condition of the enterprise indicates a serious threat of its bankruptcy.

1.2 Methodological support of diagnostics of the financial condition of the enterprise.

Analysis of the financial condition is part of the overall analysis of the economic activity of the enterprise, which consists of two interconnected sections: financial and management analysis. The division of analysis into financial and management is caused by the division of the accounting system that has developed in practice into financial and management accounting.

There are a significant number of methods for analyzing financial results. Meanwhile, leading economists in the field of economic analysis and financial management approach individual theoretical and methodological issues of analysis in various aspects and with varying degrees of detail. Let us consider the basic methods of analysis of financial results.

G.V. Savitskaya suggests analyzing the financial results of the enterprise's activity by sequentially conducting: analysis of the composition and dynamics of profit; analysis of financial results from the sale of products and services; analysis of the pricing policy of the enterprise and factor analysis of the level of average sales prices; analysis of other income and expenses; profitability analysis of the enterprise; analysis of the use of profit [24]. This method is very logical and includes various indicators over several years, which allow us to draw conclusions about the financial condition of the enterprise

A. D. Sheremet offers to analyze the profit and profitability of products in the following sequence[24]: formed a number of indicators characterizing the financial results of the organization; analysis at the preliminary stage is carried out both in absolute terms of profit, and in its relative indicators; an in-depth analysis is carried out by studying the impact on the amount of profit and sales profitability of various factors, which are divided into a group of external and a group of internal factors; then analyzes the effect of inflation on the financial results of product sales; the quality of profit is studied, the so-called generalized characteristic of the structure of sources of profit formation is given; analysis of the return on assets of the enterprise; margin analysis of profit.

This method is very effective in our opinion, since it takes into account all the main factors that can affect the activities of the company. Using the proposal of this author, you can add only some details that will help draw more accurate conclusions and suggestions on how to improve the financial condition of the enterprise.

O.V. Efimova believes that the key task of the analysis of financial results is the allocation of consistently received income as part of the organization's income for forecasting financial results. She also notes the need for external and internal analysis of financial results[24]. Undoubtedly, information about future expenses and expenses of the enterprise helps to predict the financial condition, but the world in which we live is very unpredictable, therefore this method is not perfect. N.N. Selezneva and A.F. Ionova recommend an analysis of the financial results and profitability of the organization in the following sequence[24]:

- given the classification of profit, which is considered as an indicator of the effect of economic activity;
- profit indicators are formed, the basics of their calculation and the relationship between them are revealed;
- economic factors affecting the amount of profit are listed, a factor analysis of profit before tax is carried out;
- it is recommended that the analysis take into account the effect of inflation on financial results;
- the analysis of the "quality" of profit is carried out, which is understood as the "generalized characteristic of the structure of the sources of formation of profit of the organization";
- cash flows of the organization are considered in order to determine the degree of sufficiency of cash inflows from current activities to ensure outflows from current and investment activities of the enterprise;
- an analysis of the financial results of the financial statements of the enterprise;
- a scheme of factor analysis of the general accounting profit and profit from product sales is proposed;
- an assessment of the impact of factors on changes in profits from product sales;

- then the author proposes, in the course of vertical and horizontal analysis of the use of net profit, to calculate the capitalization coefficient, the rate of sustainable growth of own capital, the coefficient of profit consumption;

- the final stage of the analysis of financial results should be an analysis of profitability.

These authors pay much attention to the analysis of profit and profitability, however, the company has many other factors that affect the financial result.

Thus, having considered the methods of analyzing financial results proposed by different authors, it can be noted that the choice of a particular methodology for analyzing an individual enterprise depends on the features of its functioning and the goals that must be achieved in the process of analysis [25].

The financial status of the enterprise is determined by the following elements:

1. profitability of the enterprise;
2. the optimality of the distribution of profits remaining at the disposal of the enterprise after taxes and mandatory payments;
3. availability of own financial resources not only the minimum necessary level for the organization of the production process and the process of sales of products;
4. rational placement of fixed and current assets;
5. solvency and liquidity. [17, 19, 20]

All this indicators are important and often-used in financial diagnostics, but their calculation and making conclusion is not enough. And for understanding all situation in company need make additional calculation, paying attention on industry, where company works.

The most often assessment of the financial condition of enterprises is carried out mainly according to the annual and quarterly financial statements, and primarily according to the balance sheet.[15]. In addition to the financial statements, other information is available, which is accessible only to the personnel of the enterprise, in particular, planning and regulatory (financial plan, standards), design and

technological information, extra-accounting information (marketing research, laws, instructions, expert information, etc.).

Currently in business world very often use financial analysis, which is carried out by the partners of the company, the controlling bodies on the basis of the data of the public financial statements, is:

- analysis of absolute profit indicators;
- analysis of profitability indicators;
- analysis of financial condition, financial stability, stability of the enterprise, its solvency and liquidity of the balance;
- analysis of the efficiency of using the raised capital;
- economic diagnostics of the financial state of the enterprise.

Under the method of financial assessment refers to the method of approach to the study of business processes in their formation and development [16]. The method is a way to achieve some goals and consists of a set of techniques. [17]

In the practice of financial analysis, four main methods are used[17]:horizontal analysis;vertical analysis;coefficient analysis; comparative analysis.

Horizontal (temporary) analysis give us a comparison of each position with the previous period. Such method give opportunity to see all trends in company and help predict situation for next year.

Vertical (structural) analysis determining the structure of the final financial indicators with the identification of the impact of each reporting position on the result as a whole. This analysis include: structural analysis of assets, structural analysis of capital, structural analysis of income and expenses, structural cash flow analysis.

Whole list of all indicators, which used in this research display in Appendixes. Thus formulas and main description of solvency ratios are in Appendix D, liquidity ratios in AppendixE, financial stability in AppendixF, profitability in AppendixG and business activity in AppendixH.

The main indicators and their characteristics shown in Appendix I, which include generalized characteristics.

Also it is important to analyze the relationship between the profit of the enterprise and the profit-generating factors, which facilitates practical orientation in these matters. The profitability of the enterprise is characterized by absolute and relative indicators. The absolute rate of return is the amount of profit or revenue. The relative indicator is the level of profitability. The analysis examines the dynamics of changes in net income, the level of profitability, and the factors that affect them. The main factors affecting net profit are the amount of sales revenue, the level of cost, the level of profitability of products, the financial results and costs of operating ordinary activities, the amount of income tax and other taxes paid on profits.

Summarize all information above, we can see how important in company make financial diagnostics. Lenders and investors analyze the financial position of businesses in order to minimize their risks on loans and deposits, as well as for the necessary differentiation of interest rates. As a result of financial analysis, the manager receives a number of basic, most informative parameters that give an objective and accurate picture of the financial condition of the company. In the course of the analysis, the manager can set different goals: analysis of the current financial status or assessment of the financial perspective of the company.

CHAPTER 2

ESTIMATION OF FINANCIAL CONDITION IN THE ENTERPRISE BY DIFFERENT METHODS

2.1. Analysis of composition, dynamics and structure enterprise assets and liabilities

Analysis of the assets and liabilities of the enterprise is done on the basis of the financial statements of the enterprise, namely, Form No. 1 “Balance Sheet”. Looking through the balance sheet of the enterprise, it can be noted that in the reporting, in addition to money, there are no financial investments, this indicates that the company currently does not have available cash (the most liquid) funds and an ineffective financial policy for enterprise. Also, the company does not invest and will not be able to profit for it in the future.

A full table in which the assets of the enterprise for the last 3 years are displayed, as well as their absolute and relative deviation (i.e. the growth rate in the Appendix J. All structure changes of assets shown in Appendix K. The value of assets amounted to 35182.43 thousand UAH. at the end of 2016. In 2016, the indicator grew by 5.95%. In the next year, the amount of assets is 33249.809, which shows a growth rate of -5.5% compared with a year earlier. At the end of 2018, the indicator amounted to 32069.02 thousand UAH, which shows a difference of -1180.8 in absolute terms and 3.6% in relative terms. The valuation of assets over three years shows that the value of the assets of the enterprise decreases every year, the main reason for this is the decrease in receivables.

In 2016 and 2017, the amount of intangible assets as a whole did not change and amounted to only 0.11% of the total value of assets, but in 2018 the amount of intangible assets grew 4 times and amounted to 147.1 thousand UAH. This may

indicate that the company has invested in certain programs that should be profitable in the future. The number of stocks at the enterprise increases every year, for example, in 2017 the absolute deviation was +49, 34% and in 2018 the trend continues, but only by + 21.88%. This may indicate either an increase in production, which is a positive factor; or on the accumulation of excess reserves, which leads to a decrease in asset turnover, a further assessment will show that this is the second option.

In the account of incomplete capital investments, capital investments for the acquisition, creation and modernization of intangible assets are displayed, the use of which for the purpose on the balance sheet date did not occur. Their changes are not consistent and hard to predict for the next year. For example, in 2015 they amounted to 725.7 thousand UAH, in 2016 there is a minus increase of -9.83% and shows - 71.34 thousand UAH of an absolute deviation. Then in 2016 the absolute deviation was already -191.94 thousand UAH with a minus growth rate of -29.33%. In the last 2018, incomplete capital investments amounted to 721.62 thousand UAH, which reflected a growth rate of 56%. This indicates that the company plans to launch new fixed assets every year, however, their number is changing every year, maybe some amount is postponed for use not in the soon future.

As of 2016, the total value of fixed assets amounted to 13861.29 thousand UAH, and at the

less than the trend. Thus, at first there is an increase in non-current assets by - 0.16479% in 2017 and no deviations in 2018. This fact indicates a stable position of the property status of the enterprise. And most likely the trend will continue for the next years.

The company's stocks increase every year, in the last reporting year (2018), stocks account for 16.2%, although in 2016 their volume was only 5.85%. In 2016, inventories doubled from 2057.6 thousand UAH (2016) to 4061.78 thousand UAH. The absolute increase in this period amounted to 2004 thousand UAH and another 1137 thousand in 2018. Inventories are also increasing, from the beginning of 2016 to

the end of 2018, they doubled from 567.47 to 1118.83 thousand UAH. A constant increase in stocks may indicate unsatisfactory work of the sales department, a decrease in demand for products, and incorrect pricing policies. "Locked" funds in non-selling stocks of products - a sure way to reduce the solvency of the enterprise and its dependence on raising money from the outside. This indicator is an alarming signal for management and requires timely decisions.

The reduction in work in progress is achieved by reducing the duration of the production cycle by increasing the organizational and technical level of production and labor. It helps to accelerate the turnover of working capital. At the same time, work in progress should, in terms of volume, composition, location (in workshops, sections, repartitions, etc.) ensure the uninterrupted and uniform production process; this is achieved by optimizing the magnitude and composition of work in progress. Guided by the reporting of the enterprise, we see that indicators are growing from 36,443 thousand UAH at the beginning of 2016 to 70,454 thousand in 2018. In 2016, the absolute growth of this indicator amounted to 30.421 thousand UAH. However, the following year there was a recession and the absolute deviation was -19.5 thousand UAH. These numbers are not significant and construction in progress for 2018, during the period of the highest value of the indicator, was 0.22%. Therefore, no accurate conclusions can be drawn on this subject.

Finished products and goods in the balance are growing every year. However, in 2016, goods fell, and finished products grew rapidly. For example, in 2016, the absolute deviation of goods in the balance sheet amounted to -1459 thousand UAH, and in the next year 2017, the absolute deviation amounted to +1809 thousand UAH. In 2018, finished products doubled compared to the previous year from 192.7 thousand UAH to 465.5 thousand UAH. This indicates the accumulation of goods in warehouses, the reason for this may be a decrease in demand for products.

Accounts receivable in the enterprise is reduced. At the end of 2016, it amounted to 9234.8 thousand UAH, and at the end of 2018 it fell to 2034.85 thousand

UAH. In 2018, the share of receivables in the total value of liabilities amounted to 6.35%. The decrease in accounts receivable indicates that the company may have lost its customers or the demand for products has fallen.

Cash, cash and cash equivalents are growing every year, but their amount in the balance sheet is negligible. For example, at the end of 2018, money and their equivalents amounted to 1.2%, and cash 0.06% of the total assets. This situation at the enterprise indicates financial problems.

Tracing the dynamics of non-current assets for the three reporting periods, it can be noted that non-current assets sharply increased in 2017. There is growth every year, however, 2018 growth was insignificant, they increased by 777 thousand. The volume of non-current assets in the total amount of assets also increases from 54.89% in 2016 to 72% in 2018. An increase in non-current assets usually indicates the acquisition of property or investment in construction. At the same time, current assets only decrease during the same period. For example, in 2016 they amounted to 47% of the total assets, but in 2018 they fell to 27.9%. The largest decline was noticeable in 2017, the absolute deviation was -5820.6 thousand hryvnia. The increase in the share of current assets helps to mobilize assets and accelerate the turnover of funds of the company. A sharp decline in working capital may be the result of an effective policy (for example, the number of products in warehouses, a decrease in receivables, and the choice of expensive sources of financing).

If we look separately at the structure of current and non-current assets, then we can see that in the composition of non-current fixed assets the most significant are three points: fixed assets, deferred tax assets and fixed assets. If to summarize these three points, then over the last 2018 year they occupy 96% of the sum of all non-current assets. This is shown in tab.2.1.

Over the past four years, the amount in the balance sheet in fixed assets has not changed. The growth rate is not significant for all three analyzed periods, however there is a slight increase from 2015 to 2017 and the growth rate in 2016 was 2.6%,

then in 2016 - 4.35%, but in 2018 the value of fixed assets decreased from 14464 , 45 thousand UAH to 13.399 thousand UAH and amounted to -7.4% of the growth rate. This may be explained by the fact that in 2017 an additional amount of fixed assets was purchased, and in 2018 either the company did not purchase fixed assets or purchased in smaller quantities, but the balance sheet shows the residual value of fixed assets, which does not include the amortized amount of fixed assets.

Table 2.1

Differences in structure of Non-current assetsof LLC LuxKraina, 2016-2018

| Assets | 31/12/ 2016 year | 31/12/ 2017 year | 31/12/ 2018 year | 2015-2016 years | 2016-2017 years | 2017-2018 years |
|--------------------------|------------------------|------------------------|------------------------|---|--------------------|--------------------|
| | Amount, thousand UAH | | | Structure parts in Non-current assets, % | | |
| Fixed assets | 13,861.2 9 | 14,464.45 | 13,399.3 1 | 75.1 | 64.7 | 58 |
| Deferred tax assets | - | 3,468.74 | 4,942.35 | 0 | 15.5 | 21.4 |
| Other Non-current assets | 3,900.75 | 3,894.32 | 3,894.32 | 21.1 | 17.4 | 16.8 |
| Other | 703.74 | 511.78 | 880.40 | 3.81 | 2.29 | 3.81 |
| Total Non-current assets | 18,465.7 8 | 22,339.29 | 23,116.3 9 | 100 | 100 | 100 |

The amount of deferred tax payment appears only in 2017 and continues to grow in 2018. Thus, in 2017, an amount of 3494 thousand appears, and in 2018 the absolute positive deviation is 1473.6 thousand UAH. The reason for this may be the lack of sufficient profit in the company, as well as the transfer of tax benefits by the company, which cannot be used for certain reasons in the reporting periods.

Other non-current assets remain virtually unchanged, their deviations are extremely insignificant. This indicates that the company does not acquire new other non-current assets and uses in its activities only those that the company needs to carry out core activities.

In current assets, inventory and receivables play a key role. For example, inventories are growing rapidly from 12% of the total current assets in 2016 to 58% in 2018 and their dynamics are significantly different. You can also separately emphasize the rapidly growing number of goods. Their number in the total amount of current assets has changed from 6.65% to 39.7% over the past two years. Accounts receivable, on the contrary, decrease from 55% in 2016 to 22.8% in the last reporting year. The reasons for their changes are described above. The dynamics figure of the largest changes in and non-current in Tab. 2.2.

Table 2.2

Differences in structure of Non-current assetsof LLC LuxKraina, 2016-2018

| Assets | 31/12/ 2016 year | 31/12/ 2017 year | 31/12/ 2018 year | 2015-2016 years | 2016-2017 years | 2017-2018 years |
|--|------------------------|------------------------|------------------------|--------------------------------------|--------------------|--------------------|
| | Amount, thousand UAH | | | Structure parts in Current assets, % | | |
| Stocks | 2057.6 | 4061.77 | 5199.13 | 12.31 | 37.28 | 58.17 |
| Accounts receivable for products, goods, works, services | 9234.75 | 2798.67 | 2034.85 | 55.24 | 25.69 | 22.77 |
| Other | 5424.301 | 4035.657 | 1703.41 | 32.45 | 37.04 | 19.06 |
| Total Current assets | 16716.651 | 10896.09 7 | 8937.39 | 100 | 100 | 100 |

The share of non-current and current assets characterizes the degree of mobility of the property of the enterprise and the level of its turnover. The assets include non-current assets of 72.08% and current assets of 27.87% for the last reporting period (2018). Usually, if the share of non-financial fixed assets (fixed assets minus long-term financial assets) is more than 40%, the structure of the property is characterized as “heavy”. Other indicators speak of a negative situation at the enterprise. The main reason for this is the large number of fixed assets, which represent 41.78% of all assets, which means that the company uses a lot of equipment for its main activities. The amount of different types of assets for 3 years in some indicators has changed

significantly. For example, the amount of receivables decreased from 26% to 6% in the total structure of assets, the value of fixed assets remained practically unchanged, but deferred tax assets appeared, and increased from 0 to 4942 thousand UAH for the last three years of the enterprise's activity. The number of stocks increased from 5.8% to 16.2%. The total values of current and non-current assets also changed. Thus, fixed assets decreased from 54.9% to 72.1%, while working capital stocks, on the contrary, decreased from 47.5% to 27.9% over the past three years. This is shown in Tab. 2.3. This indicates that the company has certain difficulties, current assets are reduced, the amount of cash in the balance sheet is extremely low, which is a very negative indicator, since this is the most liquid asset, and the amount of cash does not allow the company to cover costs and debts to other enterprises. Structure of assets on 2018 year shown on Fig. 2.1 and changes in structure on Assets shown in Tab. 2.3.

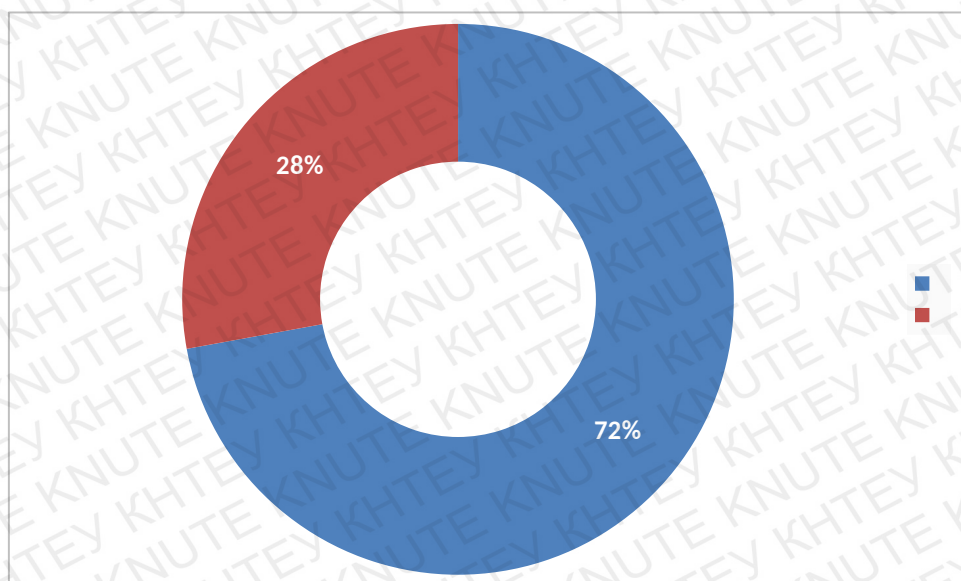


Figure 2.1 Structure of assets in 2018 of LLC LuxKraina %

Also in the valuation of the assets of the enterprise, it is possible to identify the coefficient of industrial property, which reflects the destination reflects the production

potential necessary to conduct the core business of the enterprise and create conditions for investment.

$$K_{2016}=0.022541$$

$$K_{2017}=0.029632$$

$$K_{2018}=0.041672$$

In all three cases, this coefficient is below 0.5. In this case, it is necessary to replenish equity or to attract long-term borrowed funds to increase production assets.

By analogy with the analysis of assets, the analysis of liabilities of an enterprise involves analyzing the composition and structure of sources of capital formation and their dynamics, identifying the impact of changes in groups of items on the overall dynamics of liabilities, identifying and evaluating key relationships between different groups of liabilities and their dynamics based on a tight analytical balance.

Table 2.3

Differences in structure of Total assetsof LLC LuxKraina, 2016-2018

| Assets | 31/12/2016 | 31/12/2017 | 31/12/ 2018 | 2016 | 2017 | 2018 |
|--|----------------------|------------|-------------|-----------------------------|------|------|
| | Amount, thousand UAH | | | Structure of each Asset , % | | |
| Non-current assets | 18465.8 | 22339.3 | 23116.4 | 54.9 | 52.5 | 72.1 |
| Current assets | 16716.7 | 10896.1 | 8937.4 | 47.5 | 32.8 | 27.9 |
| Non-current assets held for sale and disposal groups | 0 | 14.4 | 15.2 | 0 | 0 | 0 |
| Total | 35182.4 | 33249.8 | 32069 | 100 | 100 | 100 |

A full table in which equity and liabilities of the enterprise for the last 3 years are displayed, as well as their absolute and relative deviation (i.e. the growth rate in the Appendix L. All structure changes of assets shown in Appendix M.

In 2018 year in structure of liabilities 92% were short-term liabilities. Structure od liabilities per last analyzed period shown in Fig.2.2 below. Let us show which was reason for such situation. Over the past three years, equity has been decreasing, so in 2016 its share was 27.5%, but the total composition of the company's liabilities at the end of 2018 was 2.3%, which indicates a not very good condition, since for

organizations the equity It is the main source of carrying out statutory activities, covering possible losses, creating new types of property and expanding the scope of activities. That is, there is the possibility of potential risks in the enterprise. This situation at the enterprise arose due to the fact that since 2016 the company has not received profit, the last profitable year was 2015. The last three reporting periods, the company has a growing uncovered loss.

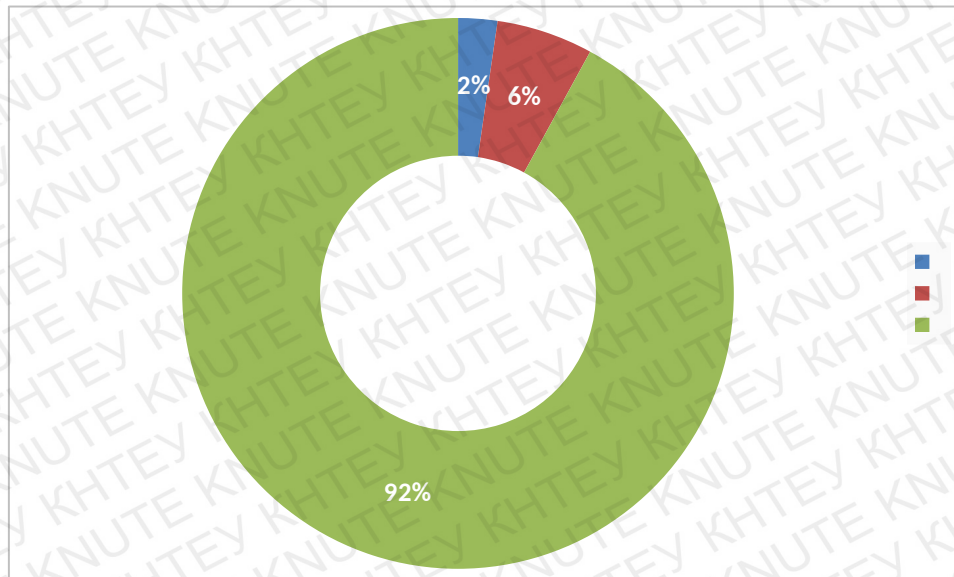


Figure 2.2 Structure of liabilities in 2018 of LLC LuxKraina, %

Long-term liabilities amount to 5.66%, which indicates the efficient use of long-term borrowed funds, as well as the fact that the company takes a small amount of money per line for more than 1 year. However, despite the fact that in 2016 the relative deviation amounted to 1058.6 thousand UAH, and in the following years there were insignificant deviations (in 2017 282 thousand UAH and in 2017 +123 thousand more), each year the proportion of long-term liabilities in the structure of liabilities becomes slightly larger. This situation has developed at the enterprise due to the fact that the amount of liabilities becomes lower every year.

But short-term bank loans account for 92% of the total liabilities. Both long-term and short-term loans increase every year, for example, in 2016, the amount of

short-term loans was 68, 55%, and long-term 4%. At the same time, the company's own capital is rapidly decreasing, and in the same 2016 it amounted to 27.45% of the total amount of liabilities, which indicates some problems at the enterprise, as well as the company's losses are growing every year. In 2015, the company had a small amount of retained earnings, which amounted to 277.5 thousand UAH, but this figure changed sharply by an uncovered loss to -17150.4 thousand UAH. These figures are a very alarming signal regarding the activities of the enterprise and its financial condition. The dynamics of changes in all classes of liabilities for the last three years is shown in Fig.2.3.

The capital in revaluation surpluses increases every year, so at the beginning of 2016 it amounted to 13.529.2 thousand UAH, and at the end of 2017 it grew to 16876.48 thousand UAH. In 2018, the trend remained the same and the absolute deviations amounted to 110.82 thousand UAH. The reason for this may be the purchase of new assets or an increase in the line of their useful use, or the funds that make up the capital are revalued and have a higher value for the last reporting period.

In the deferred tax payments account there are no values for the last two years, since the company does not make a profit.

Long-term liability is increasing every year, the leap from 2016 to 2017 is especially noticeable, the relative change was 19.70%, and in the next period the relative change was 6.77%, which most likely means a decline in the enterprise.

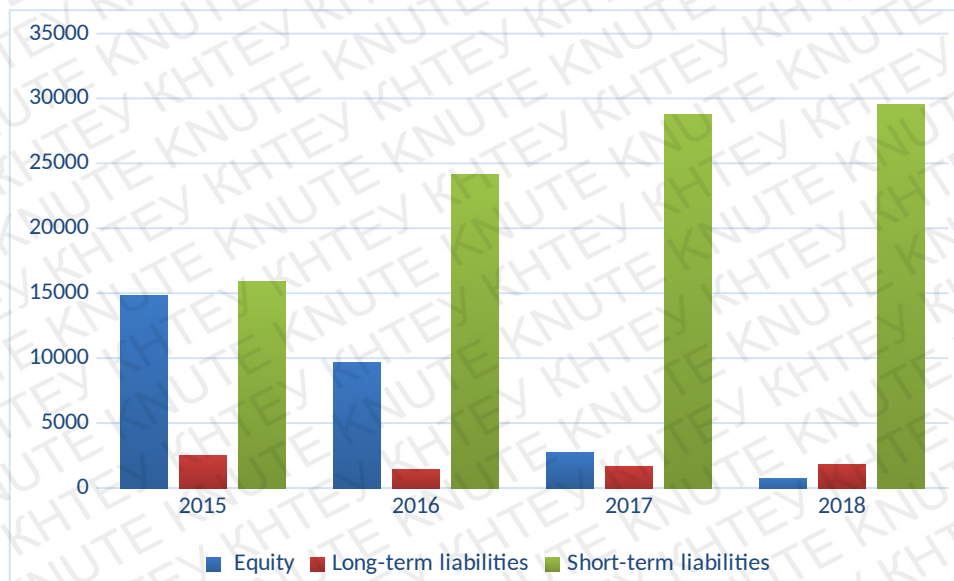


Figure 2.3 Changes in Liabilities of LLC LuxKraina, 2015-2018, thousand UAH

Long-term staffing costs have a similar trend. Thus, from 2016 to 2017, the absolute deviation is 172.73 thousand UAH, and from 2017 to 2018 it increased by another 105, 42 thousand. This suggests that the company is not able to pay staff, as it does not make a profit.

Own capital of the enterprise has a negative growth rate, since the company last time received profit in 2015 in the amount of 277.55 thousand UAH, since 2016 the company incurs losses. The growth rate in 2016 was -34.82%, and the next two years had a growth rate of -71% in 2016 and -73% in 2018. Equity at the end of 2018 amounted to 2.3% of the total liability of the enterprise. Current liabilities and collateral are growing every year and at the end of 2018 they make up 92% of the total balance sheet, but even at the beginning of 2016 there were 68% of them. In 2016, their number increased rapidly, their relative deviation was 33.97%, which is 8193.94 thousand UAH. For three years from 2016 to 2018, they increased from 24115.88 to 29517.42 thousand UAH. These values indicate problems in the financial position of the enterprise. Without borrowed funds, the company will not be able to carry out its activities and this requires immediate action on the part of

the company's management. The general structure of liabilities is characterized by indicators:

- the proportion of equity and borrowed funds in the balance sheet currency (graphically it shown in Fig.2.4 below);

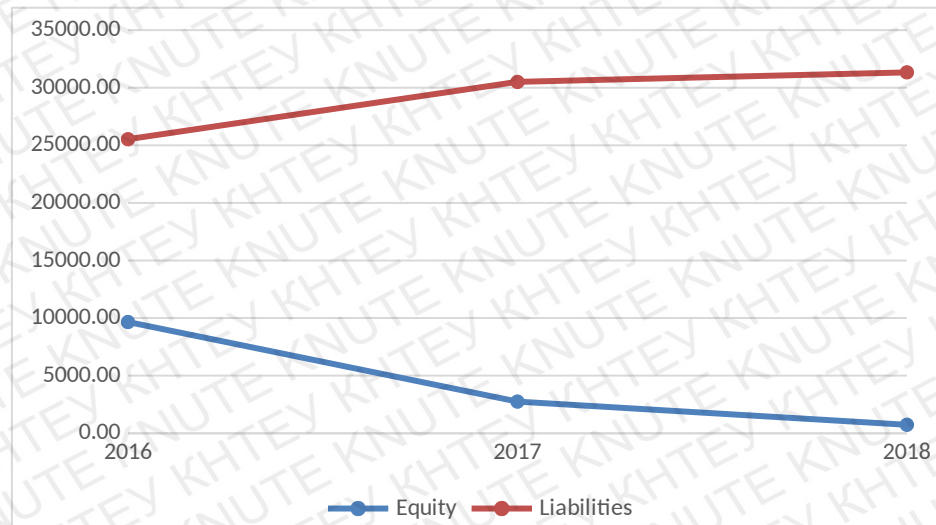


Figure 2.4 Share of Equity and Liabilities in company's financing of LLC LuxKraina, 2016-2018, thousand UAH

- the ratio of borrowed and own funds or financial leverage (graphically it shown in Fig. 2.5 below).

Financial leverage₂₀₁₆ = 2.643102

Financial leverage₂₀₁₇ = 11.09267

Financial leverage₂₀₁₈ = 42.50819

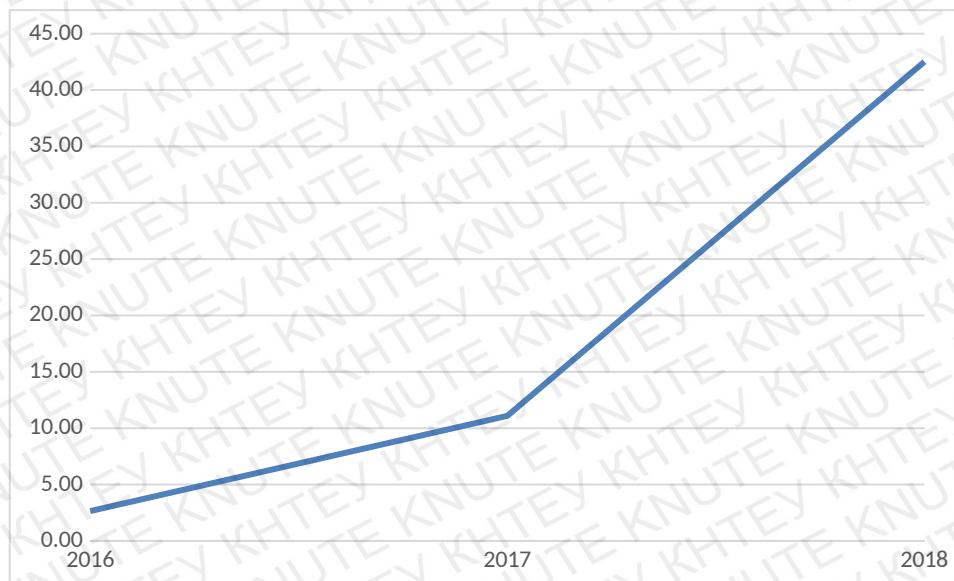


Figure 2.4 Financial leverage of LLC LuxKraina, 2016-2018

Thus we can see that financial leverage of LuxKraina increase every year and in 2018 year this indicator become extremely high. Main reason of this situation is decreasing own capital in company and increasing short-term and long-term liabilities.

2.2 Analysis of liquidity, financial stability and solvency in the enterprise

The key absolute indicators of the liquidity and solvency of the enterprise are net working capital. The presence of net working capital is shown in Fig.2.5. There are no working capital in LuxLraina Company, and judging by the negative values, the company has to change a lot in its operating activities in order to restore the enterprise in a few years.

Calculation of own working capital shows minus values, and the situation worsens every year, the reason for this is an increase in retained earnings, which reduces equity, as well as non-current assets in the enterprise

In addition to absolute liquidity indicators, a number of financial ratios are

widely used that evaluate the ratio of groups of current assets to current liabilities.

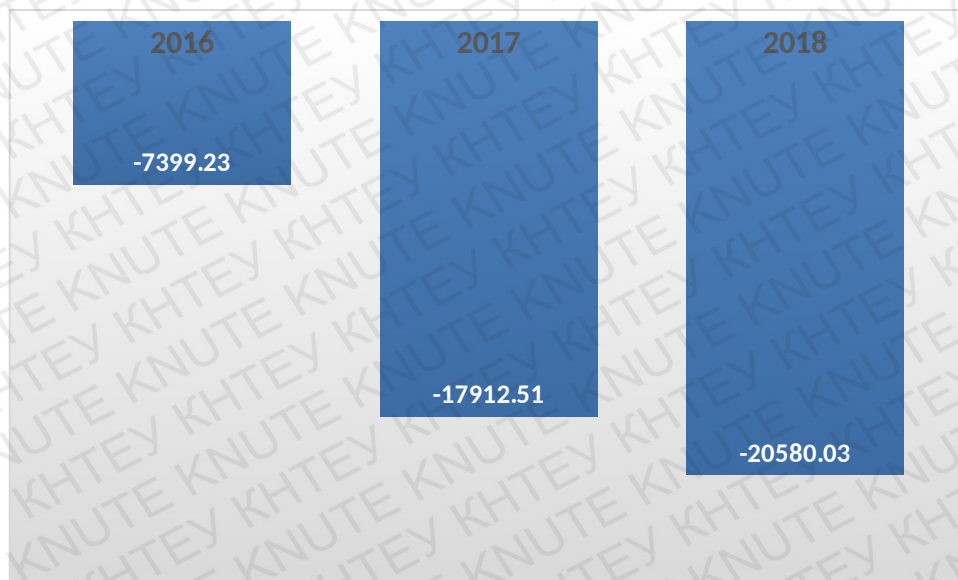


Figure 2.5 Working capital in company during 3 last years of LLC LuxKraina, 2016-2018, thousand UAH

The most common system of relative indicators of liquidity of an enterprise includes the following ratios, which are described in Tab. 2.4.

The absolute liquidity ratio has not changed over the past three reporting periods and its value is incredibly small, much less than the normative. This indicator characterizes the solvency of the enterprise at the balance sheet date and shows that only 1% of the current debt of the enterprise can be repaid at the balance sheet date as a matter of urgency.

Quick ratio. Calculations show that every year the situation at the enterprise worsens, for example, in 2016, the company could pay off 40% of current liabilities can be repaid not only from the most liquid assets, but also from the expected revenues and reflects the projected solvency of the enterprise subject to timely settlements with debtors, but next year already 11% and in the last reporting period 8%.

Table 2.4

Liquidity ratios of LLC LuxKraina, 2016-2018

| Coefficient | Years | | | Dynamic in years, % | |
|---------------------------------|-------|-------|--------|---------------------|-----------|
| | 2016 | 2017 | 2018 | 2016-2017 | 2017-2018 |
| Absolute liquidity ratio | 0.01 | 0.01 | 0.01 | - | - |
| Quick ratio | 0.4 | 0.11 | 0.08 | (72.50) | (27.27) |
| Total liquidity ratio | 0.69 | 0.38 | 0.3 | (44.93) | (21.05) |
| Liquidity ratio for fundraising | 0.09 | 0.14 | 0.18 | 55.56 | 28.57 |
| Equity manoeuvrability ratio | -0.91 | -7.12 | -30.36 | 682.42 | 326.40 |
| Ratio of own solvency | -0.37 | -0.44 | -0.76 | 18.92 | 72.73 |

The total liquidity ratio shows the extent to which all debt on short-term liabilities of the enterprise can be satisfied at the expense of all its current assets. Tab.2.4 shows that for all three periods the value of the total liquidity ratio is less than 1, this indicates that there is a high financial risk, the company is not able to consistently pay current accounts.

The liquidity ratio in the mobilization of funds reflects the degree of dependence of solvency on material stocks from the position of raising funds to pay off liabilities. Despite the fact that the value of this coefficient increases every year, the value of the coefficient is much lower than the normative, but the increase indicates a change in stocks at the enterprise and this is really reflected in the Balance.

The coefficient of maneuverability of equity shows how much of equity is invested in mobile assets. The calculation of this ratio for all three years shows a negative value, this means low financial stability in combination with the fact that the funds were invested in slow-moving assets (fixed assets), and working capital was formed from borrowed funds.

The solvency ratio determines the share of working capital in short-term liabilities. In all three cases, the value is minus because the working capital has a minus value in all three last reporting periods because the amount of the company's own funds is much lower than non-current assets.

The solvency ratio determines the share of working capital in short-term liabilities. In all three cases, the value is minus because the working capital has a minus value in all three last reporting periods because the amount of the company's own funds is much lower than non-current assets.

For comparison, the company in the Ukrainian market, we will carry out the same calculations for the company OKKO - a network of gas stations in Ukraine. It display in the Tab. below 2.5

Table 2.5

Liquidity and solvency ratios of LLC LuxKraina, 2016-2018

| Coefficient | Years | | | Dynamic in years, % | |
|---------------------------------|--------|--------|--------|---------------------|-----------|
| | 2016 | 2017 | 2018 | 2016-2017 | 2017-2018 |
| Absolute liquidity ratio | 0 | 0.005 | 0.001 | | (80.00) |
| Quick ratio | 0.047 | 0.027 | 0.018 | (42.55) | (33.33) |
| Total liquidity ratio | 0.576 | 0.729 | 0.487 | 26.56 | (33.20) |
| Liquidity ratio for fundraising | 0.069 | 0.019 | 0.042 | (72.46) | 121.05 |
| Equity maneuverability ratio | -1.5 | -1.267 | -1.196 | (15.53) | (5.60) |
| Ratio of own solvency | -1.298 | -1.208 | -1.203 | (6.93) | (0.41) |

This analysis of liquidity ratios does not show the whole picture at the enterprise and analyzing two different enterprises in which different financial results, different profits (in one of the enterprises, profit appeared only in the last reporting year, after several years of losses). In two enterprises, liquidity is not very good due to the small amount of cash in the enterprise and the constant use of borrowed funds.

Indicators of the availability of various sources of financing for stockpiling include the following indicators, which are displayed in Tab. 2.6.

The presence of own and long-term borrowed sources or net working capital tends to deteriorate, since the availability of own funds in the company is incredibly small. The main reason for this is the loss of the company. LuxKraina has long-term liabilities in the company over the past three years, practically unchanged, therefore

their influence on the value of this indicator is not significant.

Table 2.6

Sources of financing of LLC LuxKraina, 2016-2018

| Coefficient | Years | | | Dynamic in years, % | |
|--|---------|--------|--------|---------------------|-----------|
| | 2016 | 2017 | 2018 | 2016-2017 | 2017-2018 |
| The total value of the main sources of formation of stocks and costs | -7399.2 | -10990 | -20565 | 48.53 | 87.12 |
| Coverage of stocks and expenses with own working capital | -10866 | -16744 | -27578 | 54.10 | 64.70 |

Coverage of stocks with the main sources of financing is no different from the value of having own and long-term borrowed sources, since the company does not have short-term bank loans., The company has only short-term liabilities to employees and various stakeholders.

Coverage of stocks and costs with working capital shows that the company has a shortage of working capital to finance stocks and costs, especially in the last reporting period, the situation deteriorated sharply, as the value of working capital became much worse in 2018 compared to previous periods, and the same amount of stocks at the enterprise increased.

Based on the obtained indicators of the security of reserves and costs of sources of their formation, it is possible to determine the financial situation. Since all the calculation values are less than zero, we can conclude that the company currently has a financial crisis, that is, the state in which the company is insolvent and is on the verge of bankruptcy, since cash, current financial investments and receivables do not even cover his current payables. In other words, due to insufficiently efficient operations and a lack of working capital, low creditworthiness and the lack of long-term and short-term bank lending, the company finances production through non-payments to its suppliers and other creditors (staff, the state). The way out of this

situation requires a series of measures for financial rehabilitation of the enterprise: significant financial injections from outside investors, reorganization of the financial and production management system, reorientation of production to other types of products in order to increase competitiveness, reduce property by eliminating unused fixed assets, etc.

Conduct a coefficient analysis of financial stability. This is shown below in Tab. 2.7.

Table 2.7

Financial stability ratios of LLC LuxKraina, 2016-2018

| Coefficient | Years | | | Dynamic in years, % | |
|--|-------|-------|-------|---------------------|-----------|
| | 2016 | 2017 | 2018 | 2016-2017 | 2017-2018 |
| The coefficient of autonomy | 0.27 | 0.08 | 0.02 | (70.37) | (75.00) |
| Coefficient of financial dependence | 0.73 | 0.92 | 0.98 | 26.03 | 6.52 |
| Financing ratio | 2.64 | 11.09 | 42.51 | 320.08 | 283.32 |
| Financial stability ratio | 0.31 | 0.13 | 0.08 | (58.06) | (38.46) |
| Investment ratio | 0.52 | 0.12 | 0.03 | (76.92) | (75.00) |
| The share of working capital in financing structure | -0.25 | -0.38 | -0.7 | 52.00 | 84.21 |
| The share of accounts payable in the capital structure | 0.07 | 0.01 | 0.03 | (85.71) | 200.00 |
| Coefficient of provision of stocks and expenses own | -4.28 | -3.12 | -4.3 | (27.10) | 37.82 |

The autonomy coefficient shows the share of funds invested by owners in the total value of the property of the enterprise. The value of the coefficient in all three periods is less than the normative value and you can see that the situation at the enterprise worsens every year. This means that all the obligations of the enterprise cannot be covered by its own funds and indicates a very high risk of investing capital by investors and creditors in this enterprise.

The calculation of the coefficient of financial dependence (concentration of borrowed capital) shows growth for the last three periods, which indicates a negative

trend, since the normative value should not exceed 0.5. An increase in the value of this coefficient is due to a decrease in equity.

The financing ratio shows a high degree of dependence of the enterprise on external sources of financing. Incredibly large deviations from the normative with rapid growth indicate incredibly large amounts of borrowed funds at the enterprise and its own capital decreasing every year.

The financial stability ratio shows the share of permanent and long-term sources of financing in the total amount of the enterprise. A sharp decrease in this ratio shows a deterioration in financial stability, as equity is reduced, and a slight increase in the balance sheet of long-term liabilities does not change the negative financial situation.

The investment ratio in these calculations shows an incredibly low and rapidly deteriorating level of equity participation in the financing of non-current assets of the enterprise.

The share of working capital in the structure of financing (bankruptcy forecast coefficient) shows a decrease in the share of working capital in the total amount of the enterprise. It will be logical to conclude that a decrease in the indicator indicates a deterioration in financial condition, and also shows the approach of bankruptcy at the enterprise.

The share of accounts payable in the capital structure shows a very low part of assets, which is formed due to the most short-term liabilities.

Coefficient of provision of inventories and costs with own funds shows a negative degree of participation of own working capital in financing inventories.

In this case, we will analyze immediately in comparison with a competing company. This method is associated with a coefficient analysis of financial stability. Calculation of indicators is shown in Tab. 2.8.

Long Term Debt to Equity Ratio is increasing every year in the company of Luxkraine, at the same time it is decreasing in the company OKKO. In the company

of Luxkraina, it goes higher every year, which means that the business is at greater risk of bankruptcy, as it may not be possible pay interest on debt if its cash flow decreases.

Table 2.8

Comparison of 2 companies in solvency ratios, 2017-2019

| Coefficient | OKKO | | | LUXKRAINA | | | Differences | | |
|--------------------------------|------|------|------|-----------|-------|-------|-------------|-------|-------|
| | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 |
| Long Term Debt to Equity Ratio | 1.58 | 0.83 | 0.69 | 0.15 | 0.62 | 2.46 | -1.43 | -0.21 | 1.77 |
| Total Debt to Equity Ratio | 2.74 | 1.88 | 1.68 | 2.64 | 11.48 | 42.51 | -0.1 | 9.6 | 40.83 |
| Debt Ratio | 2.74 | 1.88 | 1.68 | 0.73 | 0.92 | 0.98 | -2.01 | -0.96 | -0.7 |
| Financial Leverage | 3.74 | 2.88 | 2.68 | 3.64 | 19.66 | 43.51 | -0.1 | 16.78 | 40.83 |

OKKO's Total Debt to Equity Ratio is declining, which indicates a decrease in borrowed funds, but at the same time, this value is growing rapidly in the company of LuxKraina, as short-term debt of the company has been growing sharply in recent periods. A huge amount of borrowed funds in a bank may lead to the likelihood of an increase in the interest rate for loans, but since LuxKraina a does not have short-term bank loans, and has a small number of long-term liabilities, an increase in interest on paying debt in a bank is not the biggest problem. In this case, this only indicates the difficulties of the company to settle short-term obligations.

Debt Ratio has different indicators for the two enterprises, since OKKO reduces the number of liabilities in the structure of the entire balance sheet, while LuxKraina a , on the contrary, quickly increases the number of borrowed funds and thereby reduces the amount of equity.

Financial Leverage is growing rapidly every year in the company of LuxKraina , the ratio over three years has grown almost 12 times from 3.64 to 43.51. As the value of the coefficient becomes higher, that is, leverage becomes higher and financial risk is higher due to heavy debt obligations. OKKO has the opposite situation, which makes it more attractive to new investors.

2.3 Assessment of profitability and business activity of the enterprise

Coefficient analysis of business activity of the enterprise is shown in Appendix N.

The turnover ratio of the total assets of the enterprise reflects the rate of turnover of all capital of the enterprise. In 2017, the value of the indicator decreased, but in 2018 it increased again and became slightly higher than in 2016. The growth of the indicator in the last reporting period means an acceleration of the circulation of funds of the enterprise, however it will be approximately the same as it was in 2016. The reason for changes in this ratio may be changes in the value of assets.

The average turnover period of the total assets of the enterprise does not show a very good trend, for all three periods of value more than a year, the worst situation was in 2017, the reason for this was a sharp decrease in net income from product sales (from 28,761.99 in 2015 to 22,578.75 in 2017).

The turnover ratio of current assets shows the turnover rate of all mobile assets of the enterprise. This ratio fell slightly in 2016 and increased significantly in 2018. The growth of the indicator is a positive phenomenon, however, in this case, the rapid growth in 2018 is a consequence of a decrease in current assets and an increase in net sales revenue.

The average turnover period of the current assets of the enterprise decreased significantly in 2018 compared to the previous year, the reason is described above.

The inventory turnover ratio indicates the speed (in number of turns) of the conversion of tangible current assets into cash. A decrease in the indicator indicates a relative increase in inventories and work in progress or a decrease in demand for products. Nevertheless, if the indicator of inventory turnover at this enterprise is significantly higher than the industry average, this may indicate a potential shortage of purchased goods and materials, which may affect the quality of customer service and, ultimately, weaken the competitive position of the enterprise. To do this, we will

calculate this ratio at OKKO.

The average storage period is increasing every year, the reason for this was a sharp increase in stocks at the enterprise.

The turnover Ratio of inventories shows the number of revolutions of inventories for the analyzed period. The coefficient is very high and decreases every year.

The average storage period of inventories is increasing, which is a negative indicator, the reason for this is the accumulation of inventories at the enterprise.

The work in progress ratio shows the number of work in progress turns over a period and substantially depends on the specifics of the technological process of production. The coefficient values are incredibly large, since the cost of all products far exceeds the cost of work in progress.

The average period of work in progress does not differ much over the past three years, this indicates that there are no particular changes in the work in progress over the past three years.

The turnover rate of finished products shows the speed of turnover of finished products. A decrease in the indicator indicates overstocking of finished products in connection with a decrease in demand. Also, the accumulation of a certain stock of finished products during the period can be related to the conditions of sale (for example, shipment of a large batch of products once a quarter, etc.), as the balance sheet of the enterprise shows, the values of finished products grow every year.

The average storage period of finished products reflects the actual average stock of finished products in days, which during the analysis is advisable to compare with existing stock standards, but stock standards are not known, since this is confidential company information. A sharp jump in finished goods on the balance sheet is a reason for a sharp increase in the shelf life of finished products.

The real practice of Ukrainian enterprises is that the stocks of materials and finished products in the company's warehouses are often unreasonably high, which

leads to poor turnover of inventories and, in general, to a decrease in the efficiency of operations. Therefore, in large industrial companies it is advisable to calculate these coefficients for certain types or a separate group of products, but the financial statements of companies usually do not contain such detailed information. However, the company did not provide detailed information for this type of settlement.

The accounts receivable turnover ratio reflects the number of receivables turnover for the period, an increase in the indicator indicates an improvement in settlements with debtors and a decrease in the average period for collection of receivables. The reason for the increase in the value of receivables is the decline in the value of receivables on the balance sheet. The average repayment period (collection) of receivables is reduced for the same reason. However, a decrease in accounts receivable may also indicate a deterioration of the enterprise. Also, the low turnover of accounts receivable “washes out” cash at the enterprise, which leads to the need to attract new sources of financing for increasing receivables.

Accounts payable turnover ratio shows the rate of turnover of the company's debt. The lag of the coefficient from the receivables turnover ratio indicates the possible cash balance of the enterprise.

Each year, this ratio is growing, as accounts payable for goods, work and services at the enterprise is increasing. The average payables repayment period is reduced because in 2017 there was a sharp and significant drop in accounts payable for goods, work and services from 2420.86 thousand UAH in 2016 to 387.9 thousand UAH in 2017.

The duration of the operating cycle characterizes the total time during which financial resources are in tangible current assets (stocks) and receivables and is calculated as the sum of the period of turnover (repayment) of stocks and receivables. Each year the value decreases, since the amount on the inventory balance increases at a slower rate than receivables decrease.

The duration of the financial cycle indicates the time during which financial

resources are diverted from circulation. The higher the value of the indicator of the duration of the financial cycle, the higher the need of the enterprise in cash for the acquisition of producing working capital. The table shows that the duration of the financial cycle is relatively high and has not changed much over the period of three years.

The turnover ratio of equity shows the rate of turnover of equity, which for joint stock companies means the activity of funds that shareholders risk. A significant decrease in the indicator reflects a tendency towards inactivity of part of its own capital, this is indicated by the calculations of this ratio for 2017, but in 2018, a sharp increase may reflect an increase in the level of sales, which should be largely provided by loans and therefore reduce the share of owners in the total capital of the enterprise. The average period of equity turnover fell sharply in 2018, as in 2017 and 2018 the value of equity decreased sharply in the balance sheet.

It is also worth separately mentioning the turnover ratio of fixed (non-current) assets or capital productivity, which characterizes the efficiency of use of fixed assets and other non-current assets, calculated by the amount of revenue per unit value of non-current assets. The dynamics of its change is shown in Fig. 2.6 below.

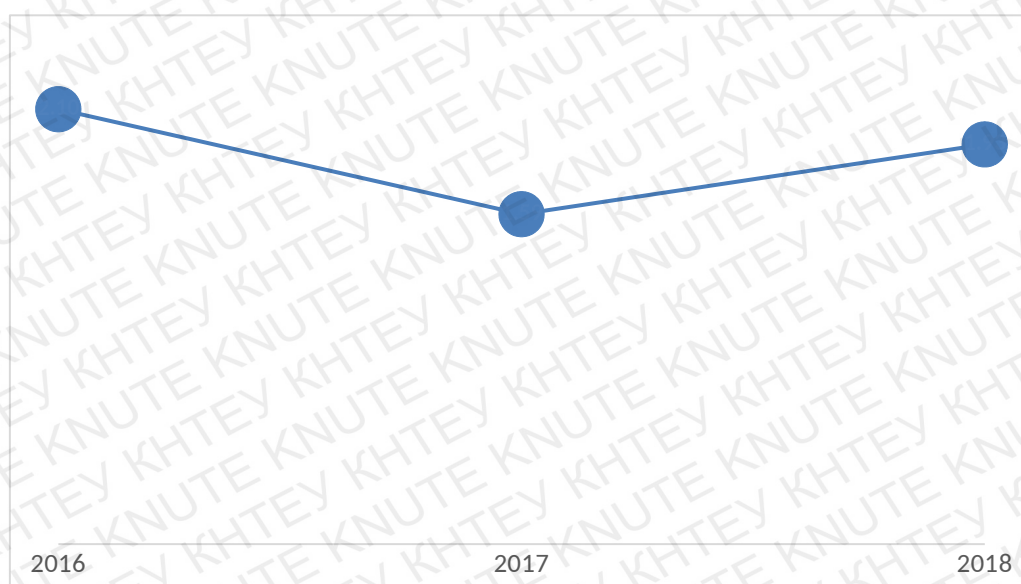


Figure 2.6 Changes in the Capital productivity ratio of LLC LuxKraina, 2016-

If we consider the indicator of capital productivity in the dynamics for the last three reporting periods, then a decrease in the coefficient in 2017 indicates a decrease in the intensity (efficiency) of equipment use, but the changes are not significant.

Compare this figure with a competing company operating in the same industry. Differences in business activity ratios are shown in Fig. 2.7 and 2.8 below.

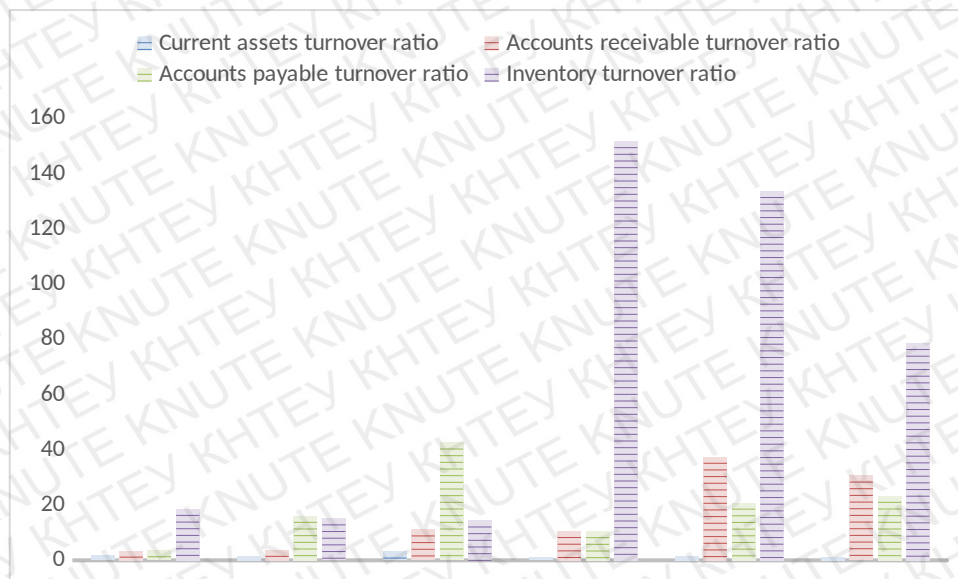


Figure 2.7 Turnover ratios, comparison of OKKO with LuxKraina companies, 2016-2018 years

So, for example, the accounts receivable turnover ratio at OKKO is much higher than in Luxkraina. This means that at OKKO, customers pay off their debts, thereby improving the financial condition of the organization.

The turnover ratio of current assets has a value in the company Lyxskraina much lower than in OKKO. This situation shows a too low coefficient in comparison with a competitor, which is not justified by industry specifics, this indicates an excessive accumulation of working capital (most likely their least liquid component - stocks) in the company of Luxkraina.

Summing up the analysis of business activity, you can clearly see about the

excessive amount of stocks, as well as finished products. To improve the level of business activity, it is necessary to reduce the number of stocks and finished products.

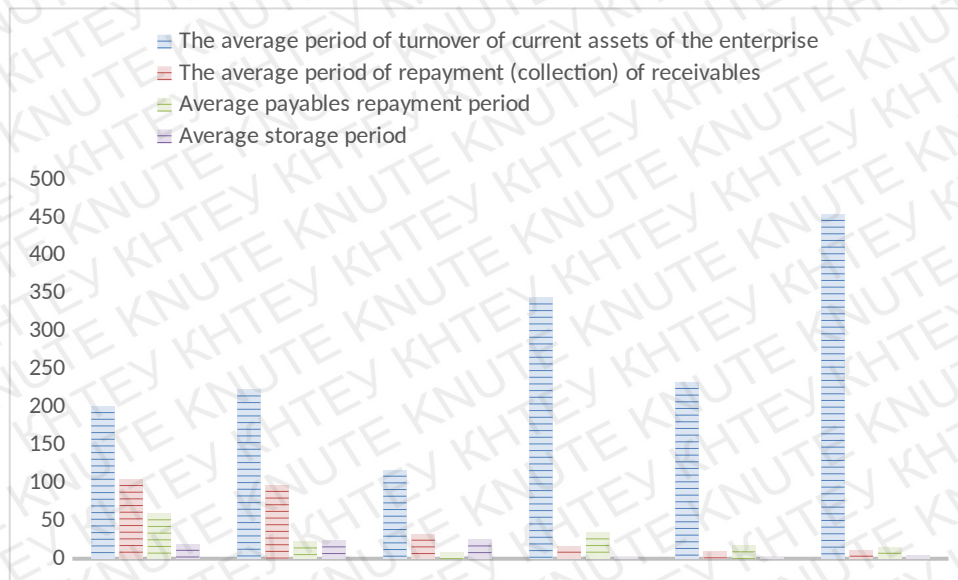


Figure 2.8 Turnover periods comparison of OKKO with LuxKraina companies, 2016-2018 years, in days

All profitability coefficient per 3 last periods in Appendix O .

Return on fixed assets has very large deviations, for example, a huge minus number in the profitability of fixed assets for 2017 appeared due to losses of the enterprise, an increase in fixed assets is also observed in 2017, and then in 2018 a slight decline. Only in 2018, the value of the profitability of fixed assets has a positive value, since the company makes a profit this year.

ROA has the worst value in 2016, but this indicator is growing rapidly, which indicates an increase in the company's net profit, and an increase in asset turnover.

ROE has a positive value only in 2018 and it is not good enough due to a small amount of equity. The worst value was in 2017, as the amount of equity fell sharply because the company had a huge amount of uncovered loss.

Gross margin gross margin decreases every year as cost increases. Product profitability from revenue characterizes the gross profit received by the enterprise

from each hryvnia of net income from product sales.

ROS, like most other indicators of profitability, has the worst value in 2017 and much better and positive value in the next reporting period. The main reason is the receipt by the company in 2018 of operating profit, before which the company received a loss.

ROI has a positive value in the last reporting period as the company makes a profit, and in 2017, the amount of long-term liabilities grows, and then falls in 2018. The reason for this is a decrease in Capital employed and sharp jumps in the losses of enterprises. The profitability of production was mainly affected by the losses of the company, as well as the cost of fixed and working capital of the enterprise.

Return on current assets the value of this ratio is growing rapidly, this is especially noticeable in 2018, the reason for this is the decrease in current assets.

Calculations of the profitability of the main operating activities by costs show that the costs of the enterprise are higher than its profit.

The profitability of the main operating activities from revenue indicate that there is no operating profit at the enterprise for the last 3 years.

Cost-effectiveness of operating activities indicates a lack of operating profit.

The overall profitability of operating expenses, the general return on costs of ordinary activities, the general return on costs of operations, the overall return (on income, the overall return (on revenue) show the worst value in 2017 and zero values in 2018, which indicates an improvement in the financial position of the company, as evidenced by the financial result in the form of profit.

The main reasons for the changes in profitability ratios are the cost of production and in general the costs of the main and operating activities of the company, net income from sales of products, profit or loss from operating activities, profit before tax, as well as the financial result in the form of profit or loss.

CHAPTER 3

METHODS OF IMPROVING FINANCIAL CONDITION OF THE ENTERPRISE

The analysis of the financial condition of LuxKraina using several methods allows us to conclude that the organization is in a crisis state, that the company is unstable, financed by borrowed funds, and most of the property is formed by stocks of materials and receivables. Stable dynamics of negative values of indicators was observed over the past three years. The organization's total equity was rapidly declining and for the last reporting period its value was not significant (2.3%), therefore, almost all sources of financing were formed from borrowed funds. In the analyzed period, LuxKraina did not attract long-term loans, which, according to the time of their use, should be attributed to our own sources. For a number of years, the organization received a loss, which means that the main activity is unprofitable, since the revenue received did not cover the cost of the work performed and the services rendered. A huge percentage of short-term liabilities as part of the company's liability indicates low financial stability, that is, it means a high dependence of the enterprise on creditors, the possibility of loss of independence (independence).

Improving the financial condition of the company begins with a thorough analysis of the existing reporting system, which should give a complete picture of the company. Diagnosis of the current financial and economic situation is based primarily on the assessment of the main financial ratios, which was done in the previous part of the work.

It is worth noting that for the analyzed period, the balance sheet of the enterprise was illiquid, and the organization was insolvent. Over the next six months or even one year, the analyzed company has no real opportunity to restore its solvency. The company has accumulated a large debt to staff, suppliers and contractors, state extra-budgetary funds, as well as taxes and duties. Cash, short-term

financial investments and other current assets of the Company do not cover its payables and other liabilities.

Shortage of funds and low solvency - means that the company does not have enough funds for timely repayment of obligations. Low solvency indicators are unsatisfactory liquidity indicators, overdue accounts payable, excess debts to the budget, staff and lending organizations.

However, in the last reporting period (2018), a moment came in the activities of LuxKrainy, when there were significant improvements in the values of a number of indicators of financial condition, for example, the financial result of an enterprise changed from loss to profit. But, given the current economic situation in the country, organizations are unlikely to be able to maintain a financial position in equilibrium. Therefore, there is a need to implement a set of measures to improve the financial condition of LuxKrainia.

The potential ability of the enterprise to maintain the necessary financial condition is determined by the size and composition of the financial result. The profit of the enterprise is determined by the price and volume of sales of goods, the level of production costs and income from other activities. The reasons for the low profit of the enterprise can be many factors, the main ones are shown in Fig.3.1.

The potential ability of an enterprise to achieve an acceptable financial condition is determined by the amount of profit received. The main components that determine the volume of profit of an enterprise include prices and volumes of sales of products, level of production costs and income from other activities, i.e. not only internal factors. Such as the activity of the marketing or sales department, adequate pricing, high costs (associated with the introduction of new technologies), but also external factors, which include the presence of solvent demand for the company's products.

The main idea to reduce the cost of production is to revise the terms of contracts for the purchase of raw materials and the sale of finished products. When

buying finished products, you can agree with large suppliers on the provision of batches of medium wholesale, that is, more than 1000 tons. There are limitations to the purchase of petroleum products, it is impossible to buy products below the minimum line, which is usually 600-1000 tons. Typically, oil products are delivered by rail, with a capacity of one tank car 60 tons. That is, the minimum order that the company can carry out is a train with 10 tank cars. The company Luxraina, having a crisis situation at the enterprise, buys exactly such quantities. Such products are more expensive than buying products in large quantities. You can reduce costs by purchasing raw materials in volumes of more than 1000 tons. According to financiers, in 2019 the price of all oil products will fall, for example, for small wholesale gasoline A-92 per 1 liter will be about 29 UAH, and the average price for a large wholesale lot from 1000 tons, the average price for 1 ton will be amount to 2600 UAH. Thus, for every liter of gasoline, it is possible to reduce 2-3 UAH only by purchasing raw materials.

The next idea for increasing profits from the sale of products is to search for customers who will buy only small wholesale lots, since their price is higher than the average wholesale.

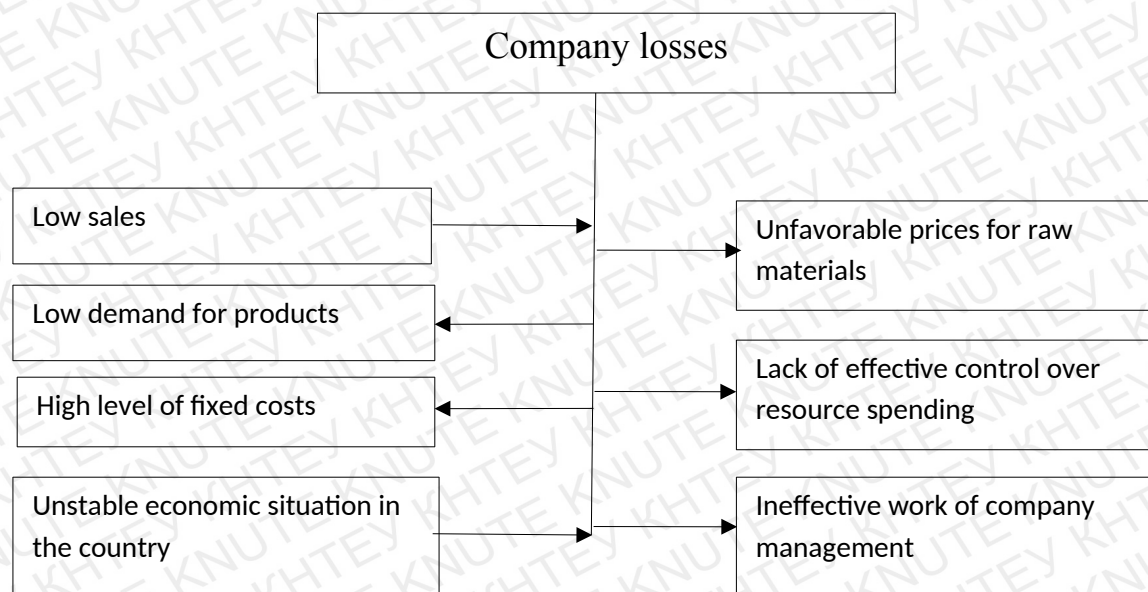


Figure 3.1 “Structure of main reasons of LLC LuxKraina losses”

Let's look at other ideas to optimize cost savings.

Since the amount of stocks is growing every year at the enterprise, it would be reasonable to reorganize inventories, which suggests that stocks are categorized depending on the degree of their importance in order to increase the stability of operations. The volume of those types of stocks that are not critical to the functioning of the business should be reduced. It is advisable to sell stocks at a discount in order to get the additional cash that the company needs. Also, a review of the availability of all fixed assets at the enterprise will allow you to find unused fixed assets and turn them over for scrap or sell them at residual value. This method will not bring the company a lot of profit, but it can bring a small income, as well as get rid of unused fixed assets. Since the company increases fixed assets every year and the company spends money on their purchase, it is worth revising the useful life of each fixed asset. Depreciation charges 9% of the total assets of the company. The best option would be to reduce to 5%.

Cost optimization for utilities. The reason for the occurrence of high costs can be not only suppliers, but the enterprise itself. In particular, high costs of electricity, heating, water consumption may arise due to the lack of control over the expenditure of resources. Sometimes you can cut costs by simply starting to take them into account. This is especially true for enterprises in Ukraine: costs are not controlled to the fullest extent and company employees can increase costs in their interests.

Receiving additional cash from the use of fixed assets. The company has more than 15 warehouses for storing stocks in different cities of Ukraine. It is worth the management of the company to review the fullness of warehouses, as well as their territorial location. The best option would be to rent 5 warehouses for rent to other enterprises, thus the company will receive a monthly profit, and the cost of maintaining the warehouses (electricity, security and others) will decrease. Property that could not be leased must be mothballed, a conservation act drawn up and

submitted to the tax office, which will exclude this property from the calculation of the tax base. Debt collection with the aim of accelerating cash flow.

Revision of capital investment plans is a means of increasing cash inflows. It aims to minimize costs. Especially in conditions of crisis threat, it makes sense to abandon investment in capital construction, the acquisition of new equipment, the expansion of the distribution network, etc., except in urgent cases. To determine them, it is necessary to evaluate what needs for capital investments cannot be postponed to a later date. In the enterprise "LuxKraina" in the last reporting period, capital investment almost doubled, so the company is better to abandon those capital costs that can not give immediate returns for the company.

The increase in production and sales ensures an increase in cash received from the sale of products, i.e., an increase in absolutely liquid assets. It is necessary to identify the groups of goods that bring the greatest profit, to analyze the price and volume of products sold to determine the most reasonable compromise. Since the company does not have bank loans, and there is only current debt, the company can take a loan from the bank for 5-10 years, thereby increasing the availability of cash, can pay off short-term obligations, and also have the funds to introduce new technologies to optimize and modernization in the main activities of the enterprise. Improving the methods of managing working capital of the enterprise. This method is very important for this enterprise, since starting in 2016 they began to fall sharply. Revision of the fixed assets of the enterprise is an effective way to reduce costs, which can serve as the reconstruction of equipment, as well as the introduction of new technologies. This requires the introduction of new technologies and optimization of fixed and working capital. It is known that the equipment wears out over time, aging morally and physically. During operation, as a rule, its performance decreases and operating costs for maintenance are increasing. Over time, there is a need to replace equipment, since its further operation is more expensive than major repairs or replacement.

Improving the methods of managing working capital of the enterprise. This method is very important for this enterprise, since starting in 2016 they began to fall sharply. Revision of the fixed assets of the enterprise is an effective way to reduce costs, which can serve as the reconstruction of equipment, as well as the introduction of new technologies. This requires the introduction of new technologies and optimization of fixed and working capital. It is known that the equipment wears out over time, aging morally and physically. During operation, as a rule, its performance decreases and operating costs for maintenance are increasing. Over time, there is a need to replace equipment, since its further operation is more expensive than major repairs or replacement.

Since the company is in a crisis state, it is worth considering the reduction of a certain number of employees.

Let us, based on proposals for improving the financial condition of the enterprise, draw up the Balance sheet of the enterprise, Income Statement, as well as a Cash Flow Statement.

Balance sheet:

The forecasted calculation of the balance sheet assets is shown in Tab. 3.1.

In 2018, the amount of non-current assets grew rapidly, most likely the company acquired some rights and permits. Most likely, in the next reporting period, the company will not have to buy so many intangible assets, because it is expected that the value of fixed assets will fall to 50%.

Incomplete capital investments will decrease by about 25%, since the company will need to spend less money on improving fixed assets and their modernization (since fixed assets will become less).

Presumably, unused fixed assets will be sold for a price of at least 500 thousand UAH, and new fixed assets will not be acquired. Also, consideration of all fixed assets at the enterprise and revision of their useful lives will reduce depreciation charges. In this case, the cost of fixed assets on the balance sheet will decrease from

13399.31 to 11295.86, the difference will be 2103 thousand UAH.

Other financial investments for the last reporting periods have not changed, most likely they will remain unchanged in 2019 at the level of 9.42 thousand UAH. A similar situation is with long-term payables. Over the last three reporting periods, it has remained virtually unchanged. Since the company did not give me all the necessary information, we cannot know whether it is possible to write off the receivables from the amount of this receivable, as it is most likely hopeless. Leave it at the level that it is now.

Suppose that after an enterprise has used all of the above optimization proposals, the amount of deferred cash on delivery will decrease by approximately 30%

We do not know what the company specifically holds in other non-current assets, most likely it is land, public roads on which the products are delivered, as well as warehouses, several of which can be leased. It can be assumed that the value of other non-current assets will not change, since warehouses are only rented out, not sold.

We calculate the number of inventories, work in progress, as well as finished products and goods according to formulas that include cost reduction, as well as periods of inventory turnover.

Inventory = cost of production for 2019/365 days * storage period for inventories.

Finished products = cost of production for 2019/365 days * average storage period of finished products.

Goods = cost of production for 2019/365 days * period of storage of goods.

Thus, the total amount of reserves in the balance sheet for 2019 will be 4055.13 thousand UAH.

Let us turn to the miscalculation of receivables for 2019.

Accounts receivable for goods, works and services = income from sales of

products / 365 * average period for repayment of receivables.

This calculation shows that it will grow by approximately 251 thousand in comparison with 2018.

Suppose that other current receivables also increase insignificantly by 7% due to the fact that the company's management will find new customers.

The availability of money at the enterprise will increase due to the rental of warehouses, taking a loan, sale of fixed assets, etc. we will take this amount from Form No. 3.

Other current assets are expected to remain slightly lower, like all other assets, by approximately 10%.

Table 3.1

Assets on reporting 2018 year and their forecast on 2019 year in the company of LLC LuxKraina, thousand UAH

| Assets | 2018 year | 2019 year |
|-------------------------------|------------------|------------------|
| I. Non-current assets | | |
| Intangible assets: | 147.10 | 73.55 |
| initial value | 197.64 | 149.35 |
| accumulated depreciation | -50.54 | -75.80 |
| Incomplete capital investment | 721.62 | 541.21 |
| Fixed Assets | 13399.31 | 11295.86 |
| initial value | 16297.27 | 12899.31 |
| wear and tear | -2897.96 | -1603.45 |
| other financial investments | 9.42 | 9.42 |
| Long-term receivables | 2.27 | 2.27 |
| Deferred tax assets | 4942.35 | 3459.64 |
| Other non-current assets | 3894.32 | 3894.32 |
| Total I part | 23116.39 | 19276.28 |
| II. Current assets | | |
| Stocks | 5199.13 | 4055.13 |
| Inventories | 1118.83 | 839.12 |
| Unfinished production | 70.45 | 50.07 |
| Final product | 465.53 | 138.28 |
| Goods | 3544.31 | 3027.65 |

| | | |
|---|----------|----------|
| Accounts receivable for products, goods, works, services | 2034.85 | 2286.33 |
| Other current receivables | 553.67 | 592.43 |
| Money, their equivalents and cash | 402.90 | 13056.94 |
| Other current assets | 578.12 | 520.31 |
| Total II part | 8937.39 | 20511.14 |
| III. Non-current assets held for sale and disposal groups | 15.25 | 15.25 |
| Total | 32069.02 | 39802.66 |

Also differences in structure of Assets shown in Fig. 3.2. The Fig. 3.2 shows that current assets have increased, this helps to mobilize assets and accelerate the turnover of funds of the company.

Let us turn to the forecast of liabilities in the enterprise. The forecasted calculation of the balance sheet liabilities is shown in Tab. 3.2.

Equity or registered capital will remain at the same level as in previous years.

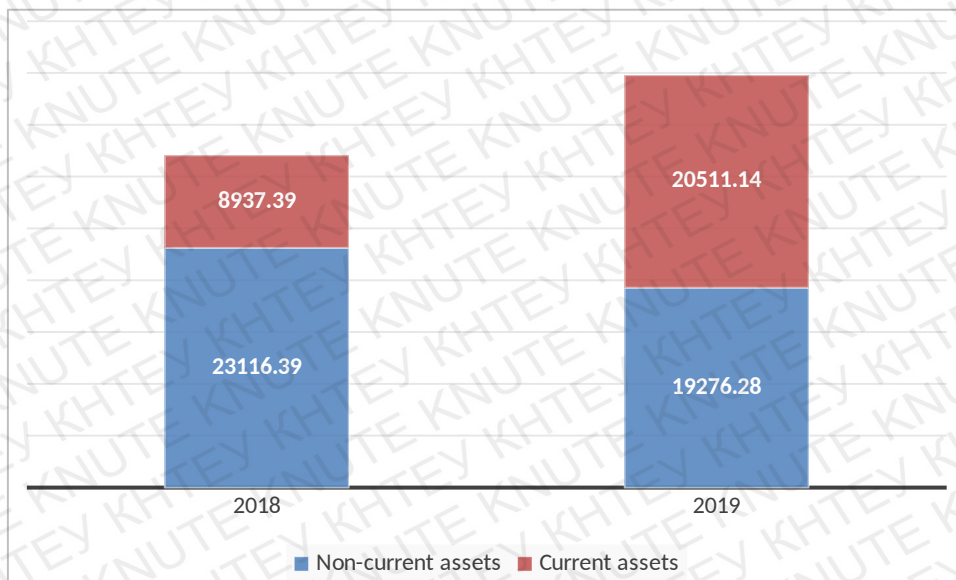


Figure 3.2 Changes in structure of Assets in LLC LuxKraina , 2018-2019, thousands UAH

The revaluation capital is likely to remain at the same level, slight deviations up to +5% are possible.

In order to find out undistributed profit or uncovered loss, we take the value from last year and add the company's income after paying all taxes. In 2019, the

company will also have losses, but the difference from the previous year is significant.

Long-term liabilities along with long-term liabilities for personnel will decrease by approximately 15%, as the company will have money to partially repay the debt.

Since every year the repayment period of accounts payable falls every year, it can be assumed that this trend will continue for the next periods. We can calculate this indicator by the formula:

Scheduled payables for 2019 = revenue from product sales / 365 * average payables repayment period.

Since the company takes a loan of 10 million with an average annual rate of 21%, the annual interest on the loan will amount to 2100 thousand UAH.

Table 3.2

Equity and Liabilities on reporting 2018 year and their forecast on 2019 year in the company of LLC LuxKraina, thousand UAH

| Liabilities | 2018 year | 2019 year |
|-------------------------------------|------------------|------------------|
| I. Equity | | |
| Registered (share) capital | 1010.97 | 1010.97 |
| Capital in revaluation | 16876.48 | 17720.30 |
| Retained earnings (uncovered loss) | -17150.37 | -12990.85 |
| Total I part | 737.08 | 5740.42 |
| II. Long-term liabilities | | |
| Long-term security | 1814.52 | 1451.62 |
| Long-term staff costs | 977.06 | 781.65 |
| Total II part | 1814.52 | 2233.26 |
| III. Short-term liabilities | 0.00 | |
| Short-term bank credits | 0.00 | 2100.00 |
| Current accounts payable: | 0.00 | |
| for goods, works, services | 875.68 | 593.78 |
| on the calculations with the budget | 12680.30 | 9510.22 |
| including income tax | 1454.05 | 1090.54 |
| by insurance calculations | 3.20 | 2.40 |
| on wage calculations | 19.54 | 14.65 |

| | | |
|---|----------|----------|
| on advances received | 261.89 | 196.42 |
| according to the calculations with participants | 474.76 | 356.07 |
| Current liabilities | 14823.79 | 17788.55 |
| Other current liabilities | 378.25 | 1266.88 |
| Total III part | 29517.42 | 31828.98 |
| Total | 32069.02 | 39802.66 |

Thus, the planned indicator of accounts payable for 2019 will be 593.78 thousand UAH at the end of the period, that is, it will decrease by 32% compared to the previous period.

Since the company will have money to pay off current payables, it can be assumed that all other items of current payables will also decrease by about a quarter.

Other current liabilities are likely to increase if the company increases sales of its products.

Differences in Equity and Liability shown in Fig. 3.3 below.

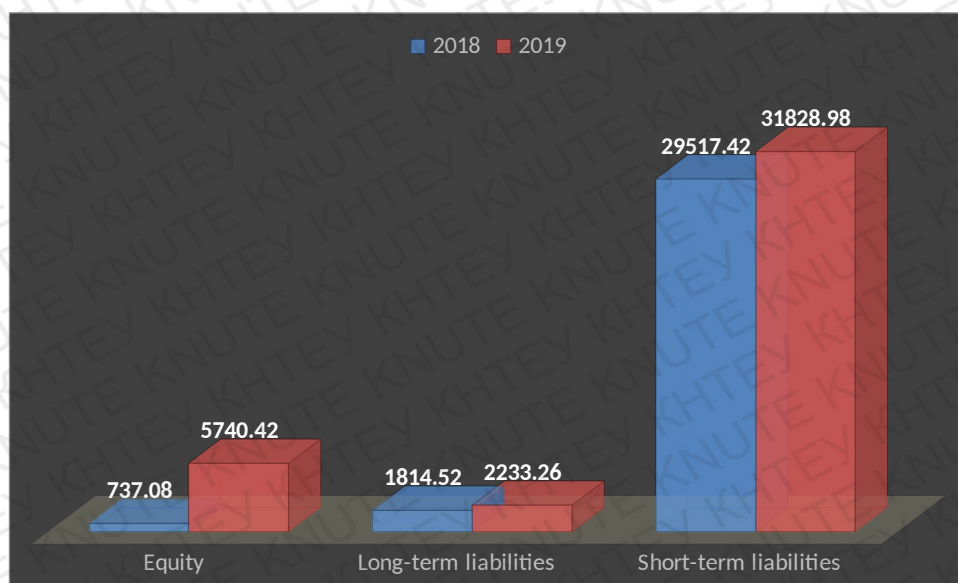


Figure 3.3 Changes in Equity and Liability in LLC LuxKraina, 2018-2019 years, thousands UAH

Compared to previous years, key indicators in the balance sheet have changed for the better, for example, a rapid increase in cash at the enterprise indicates a

strengthening financial position, an increase in equity is a key indicator for investors. The best indicator of equity in the balance sheet of the company makes the company more financially attractive, as well as a decrease in liabilities.

Income Statement:

The forecast Income Statement is shown in Tab. 3.3. If we take into account all the above proposals, it is assumed that the cost of goods in the first forecast year will be reduced by 15% due to the fact that raw materials will be bought only at the average wholesale, depreciation and the cost of electricity and equipment of warehouses will fall. In other periods, slight deviations are possible, which depend on political and economic laws. Thus, the cost of production in 2018 is 14543.13 thousand UAH per year, and in 2019 it will be 12361.66 thousand UAH.

Selling products only in large batches, sales revenue will increase by 12% since the difference between large and medium-sized wholesale 11% and another 1% will be spent on improving the management of the company, finding new customers and signing business relations with them. Thus, in 2018, net income from profit was 22578.75, and in the next reporting period it will be 25288.20.

Table 3.3

**Forecast of Income Statement for 2019 according to reported data 2018
of the company LLC LuxKraina, thousand UAH**

| Clause | 2018 year | 2019 year |
|--------------------------------------|------------------|------------------|
| Revenue | 22578.75 | 25288.20 |
| Cost of sales | -14543.14 | -12361.67 |
| Gross profit | 12363.85 | 12926.53 |
| Other operational profit | 184.10 | 294.56 |
| Administrative costs | -1117.72 | -894.18 |
| Selling expenses | -1324.77 | -1324.77 |
| Other operating expenses | -10001.30 | -6000.78 |
| Operating result: profit | 104.16 | 5001.37 |
| Income from participation in capital | 0.64 | 0.64 |
| Other financial income | 140.75 | 182.98 |
| Other income | 0.65 | 1.04 |
| Financial cost | 189.07 | 113.44 |
| Financial result before tax: profit | 57.14 | 5072.58 |
| Income tax expense (income) | 44.63 | -913.06 |
| Net financial result: profit | 101.77 | 4159.51 |

As prime cost declined and net profit increased gross margin increased from 36% to 51%. Gross profit increased by 562.69 thousand UAH.

It is assumed that other operating income will grow by 60% due to the sale of the sale of unused fixed assets, as well as due to the creation of unused warehouses at the enterprise.

As it is necessary to reduce costs for employees, administrative costs will decrease by approximately 20%. In 2018, they were 1117.72 thousand UAH, and in 2019 they will become -894.17 thousand UAH.

Suppose that the cost of sales will remain unchanged, so their amount will be approximately the same.

For vague reasons, other operating costs at the enterprise are incredibly high. The above suggestions for optimization and cost reduction should affect other operating expenses and it is expected that they will decrease by at least 40% and thus

will not be -10001.30, but -6000.78.

Counting the financial result, you can see that the company made a profit much higher than in the previous reporting period, the financial result from operating expenses increased 104.16 thousand UAH to 5001.37 thousand UAH.

Other financial income will grow in 2019 according to our forecasts by 30%.

The income from participation in capital is likely to remain unchanged, so we will leave the same number.

Financial costs will be reduced by approximately 40% due to the use of cost optimization methods.

After the number of proposals, other revenues in the enterprise are expected to grow by 60%.

Thus, the net financial result before tax will be 5072.58 thousand UAH. After tax, the net financial result will be 4159.51 thousand UAH. The difference with the previous year is 4057.74 thousand UAH.

The forecasting of the Profit and Loss Form was mainly aimed at increasing net revenue from sales of products, as well as reducing the cost of sales. These were key indicators. Which radically changed the situation in the Profit and Loss Form. Differences in this indicators shown in Fig. 3.4 below.

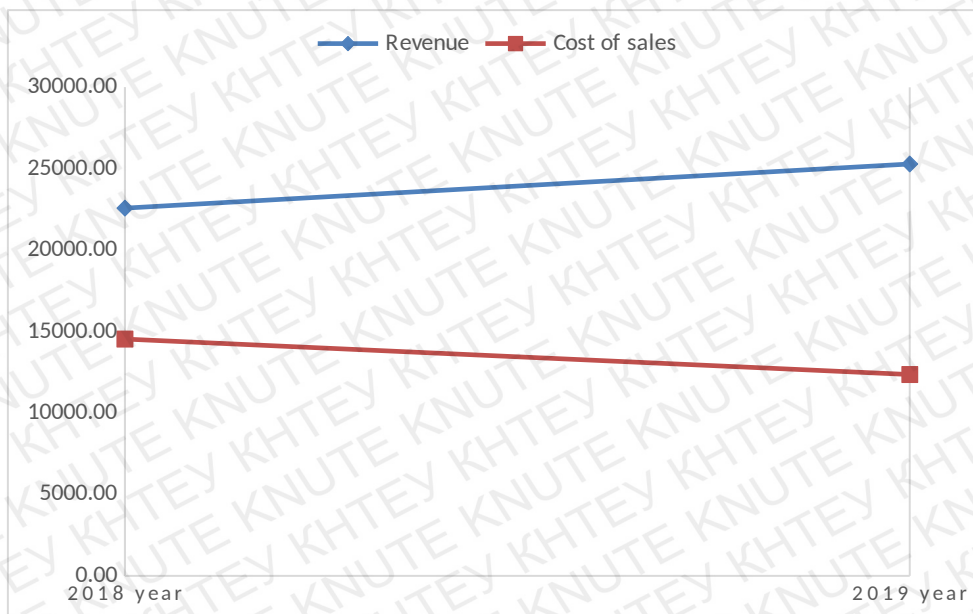


Figure 3.4 Changes in Revenue and cost of Sales in LLC LuxKraina, 2018-2019 years, thousands UAH

Cash Flow Statement:

The forecast Cash Flow statement is shown in Tab. 3.4. Almost all the values that are in this form were calculated earlier, however, we need to calculate, with a simple example, how much cash the company will have at the end of 2019. As mentioned earlier, the company’s management may decide to sell unused fixed assets at residual value or to profit from the delivery of unusable fixed assets for scrap. A similar procedure can bring the company at least 500 thousand, as the company owns a huge amount of fixed assets.

Table 3.4

Forecast of Cash Flow Statement in the company of LLC LuxKraina, thousand UAH

| Clause | 2019 year |
|----------------------------------|-----------|
| Profit before tax | 5072.58 |
| Depreciation | 1603.45 |
| Profit/loss on disposal | 0.00 |
| Finance cost | -113.44 |
| (increase)/decrease in inventory | -1144.00 |

| | |
|----------------------------|----------|
| (increase)/decrease in AR | -251.48 |
| Interest paid | -2100.00 |
| Tax paid | -913.06 |
| PPE purchase | 0.00 |
| Proceeds from PPE disposal | 500.00 |
| Issued shares | 0.00 |
| Loans | 10000.00 |
| Net cash movement | 12654.04 |
| Open cash | 402.90 |
| Closing cash | 13056.94 |

It was further suggested that the company take a loan of 10 million UAH in order to pay short-term obligations, as well as for the purchase of more modernized fixed assets and other equipment in the following periods. It is expected that in the following reporting periods it will be necessary to purchase trucks or lease trains / vessels for the delivery of products. This procedure will be relevant if the sales volume and, accordingly, the purchase of raw materials increase. The average percentage of large loans for enterprises is 21% per year.

Concluding the calculation of the planned balance sheet of the enterprise, as well as the profit and loss statement, it can be noted that the proposed options for optimizing costs and increasing profits are effective and working, however, due to the crisis in which the company was in 2018, the company has its own balance sheet still has an uncovered loss, which is likely to be covered in future reporting periods.

CONCLUSIONS

Based on the final qualification work, we can conclude that the financial analysis is a process based on the study of data on the financial condition of the enterprise and the results of its activities in the past in order to assess future conditions and results of operations. Thus, the main objective of financial analysis is to reduce the uncertainty associated with future-oriented economic decisions. Financial analysis can be used as a tool to justify short-term and long-term economic decisions, investment feasibility; as a means of assessing skill and management quality; as a way of forecasting future financial results. Financial forecasting can significantly improve enterprise management by coordinating all factors of production and sales, the interconnection of the activities of all departments, and the distribution of responsibility.

The main document necessary for a full financial analysis is the balance sheet of the enterprise, as well as the profit and loss statement. Analysis of changes in the structure of assets and liabilities of the balance sheet (vertical analysis) allows us to draw conclusions about the management of enterprise resources, and horizontal analysis shows positive or negative trends in this management. Analysis of the business activity of the enterprise, its solvency and profitability of the enterprise was made on the basis of the profit and loss statement and balance sheet. To assess the activities of the enterprise, it is very important to assess its solvency, that is, the ability to fully and timely fulfill its monetary obligations. The main indicator of solvency is liquidity. To determine the dynamic development of the enterprise, indicators are used that characterize its business activity. These indicators (turnover ratios) make it possible to assess how quickly the funds invested in assets turn into real money.

To assess economic efficiency, profitability indicators were calculated, which reflected the degree of efficiency of the use of material, labor, cash and other

resources.

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Appendixes

Autor's meanings of "Financial condition on the enterprise "

| The authors | Characteristics of the concept |
|-----------------------------------|--|
| A.S. Senin | considers the financial condition as an economic category characterizing the ownership and use of financial resources, as well as their sufficiency at each moment of time [1, p. 139]. |
| A. D. Sheremet and E. V. Negashev | believe that the financial condition of an enterprise is characterized by the structure of funds (assets) and the nature of the sources of their formation (own and borrowed capital) [2, p.117] |
| G.V. Savitskaya | gives the concept of "financial state of a company" - this is a category reflecting the state of capital in the process of its circulation and the ability of a business entity to develop at a fixed point in time [3, p.248-249]. |
| N. A. Lupei | believes that the financial condition is a complex concept, characterized by a system of indicators reflecting the availability, placement and efficiency of the use of the organization's financial resources [4, p. 106] |
| V.E. Chernova, T.V. Shmulevich | point out that financial condition is a complex concept that characterizes real and potential financial firm competitiveness [5, p. 4] |
| V. V. Kovalev | believes that the basis of the analysis of the financial condition is the economic potential of the enterprise and its constantly occurring changes over time. At the same time, the economic potential, according to the author, represents the ability of an enterprise to achieve its goals, using, at the same time, the totality of material, labor and financial resources at its disposal[6, p. 214]. |

Continuing of Appendix A

| The authors | Characteristics of the concept |
|---------------------|---|
| L. T. Gilyarovskaya | under the analysis of the financial condition of the enterprise refers to the part of the financial analysis, which is characterized by the presence of indicators presented in the balance sheet for a specific date in the form of balances on the relevant accounts or their complex. The characteristic of the financial condition of the enterprise in a generalized form is represented by changes in terms of the allocation of funds and sources of their coverage (own or borrowed funds) for the analyzed period [7, p. 267]. |
| I. T. Balabanov | under the financial condition of an enterprise means its solvency and creditworthiness, that is, financial competitiveness, the use of capital and financial resources, fulfillment of obligations with respect to the state and other business entities [8, p. 67]. |

Financial
condition

it is a set of indicators reflecting the process of formation and use of its financial assets;

it is the level of balance of individual structural elements of assets and capital of the enterprise, as well as the level of efficiency of their use;

characterized by indicators reflecting the formation and use of funds;

characterized by the provision of financial resources necessary for the normal functioning of the enterprise, the expediency of their location and efficiency of use, financial relationships with other legal and physical persons, solvency and financial stability.

it is the ability of an enterprise to finance its activities;

this is a cash flow providing the production and sale of its products;

characterized by the provision of financial resources necessary for the normal functioning of the enterprise, the expediency of their location and efficiency of use, financial relationships with other legal and physical persons, solvency and financial stability.

it is a set of economic and financial indicators characterizing the ability of an enterprise to sustainable development, including the fulfillment of financial obligations by it;

it is a set of indicators reflecting its ability to repay its debt obligations;

Figure B Meanings of "financial condition"

Appendix C

Absolute deviation= reporting period - base period

Relative deviation (growth rate)= (Absolute deviation/ base period)*100%

Asset, liability and equity structure = (defined characteristic for defined year / summarized characteristic the same position) *100

Appendix D

Solvency ratios

Long Term Debt to Equity Ratio= Long Term Debt/ Total Equity

Total Debt to Equity Ratio= Total Debt/ Total Equity

Debt Ratio= Total Debt/ Total Assets

Financial Leverage= Total Assets/ Total Equity

Proprietary Ratio= Total Equity/ Total Assets

Appendix E

Liquidity ratios

| Ratio | Formula | Normal meaning |
|--|--|----------------|
| Absolute liquidity ratio | (Cash+ Current financial investments)/Current liabilities | 0,2—0,5 |
| Quick liquidity ratio | (Cash+ Current financial investments +Accounts receivable)/Current liabilities | 0,5—0,8 |
| Total liquidity ratio | Current Assets /Current liabilities | 1 - 2 |
| Liquidity ratio for fundraising | Inventories/ Current liabilities | |
| Equity maneuverability ratio | Working capital/ Own funds | |
| Maneuverability ratio of own working capital | (Cash+ Current financial investments)/Working capital | |
| Ratio of own solvency | Working capital / Current liabilities | |

it is a set of economic and financial indicators characterizing the ability of an enterprise to sustainable development, including the fulfillment of financial obligations by it;

Financial stability ratios

Availability of working capital = Own funds - Non-current assets

Availability of own and long-term borrowed sources or net working capital :

The total value of the main sources of stockpiling and costs = Net working capital –

Short term loans

Inventories and Cost = Inventories + deferred expenses

Coverage of stocks and expenses with own working capital = Working capital -

Inventories and Costs

Coverage of stocks with own working and long-term borrowed capital = Net working capital + Long term liabilities

Coverage of stocks by major sources of financing = Working capital + Long term liabilities + Short term loans

Appendix G

Profitability ratios

Return on Assets = Net Income/Total Assets

Return on Equity = Net Income /Average Shareholders' Equity

Gross Margin = Net Sales – Cost of goods sold

Return on Sales = Operating Profit/ Net Sales

Return on Invested Capital = Net operating profit after tax / Invested Capital

Return on Capital Employed = [Earnings Before Interest and Tax](#) / Capital Employed

Capital Employed = Total [Assets](#) – [Current Liabilities](#)

Production profitability = Profit / (Cost of fixed assets + Current assets)

Return on current assets = Net Income / Current Assets

Net profit margin = Net income / Total sales

Product profitability at cost = Gross profit / Production cost

Profitability of the main operating activities by Cost = Operating profit / Costs
operating activities

Profitability of products from revenue = Gross profit / Net sales revenue

Profitability of core business from revenue = Operating profit / Net sales
revenue

Cost-effective operating profitability = The financial result of operating activities /
Operating expenses

Operating profitability by income = The financial result of operating activities /
Operating income

Total operating cost-effectiveness = Net profit / Operating expenses

General profitability of expenses by ordinary activities = Net profit / Ordinary
business expenses

Overall profitability of cost-effectiveness = Net profit / Activity expenses

Total profitability (by operating income) = Net profit / Business income

Appendix H

Ratios of Business Activities

Total assets turnover ratio = Net sales revenue / Average total amount of Balance Sheet

The average period of turnover of total assets of the enterprise = Average total
amount of Balance Sheet / (Net sales revenue / 365)

Current assets turnover ratio = Net sales revenue / Total average amount of Current
Assets

The average period of turnover of current assets of the enterprise = Total average
amount of Current Assets / (Net sales revenue/ 365)

Inventory turnover ratio = Cost of sales of products, goods, works, services / Period
average inventory value

Average inventory retention period = Period average inventory value / (Cost of sales
of products, goods, works, services / 365)

Inventory turnover ratio = Cost of sales of products, goods, works, services / Period average cost of inventories

Average storage period = Period average cost of inventories / (Cost of sales of products, goods, works, services / 365)

Work-in-progress ratio = Cost of goods sold / Period average cost of work in progress

Average work in progress period = Period average cost of work in progress / (Cost of goods sold / 365)

Finished goods turnover ratio = Cost of goods sold / Average cost of finished products and goods over the period

Average shelf life of finished products = Average cost of finished products and goods over the period / (Cost of goods sold / 365)

Accounts receivable turnover ratio = Net sales revenue / the average for amount the period of the receivables of the enterprise

The average period of repayment (collection) of receivables = Average for amount the period of the receivables of the enterprise / (Net sales revenue / 365)

Accounts payable turnover ratio = Net sales revenue / payables of the company for average period

Average payables repayment period = payables of the company for average period / (Net sales revenue / 365)

Operating cycle duration = Inventory turnover ratio + Accounts receivable turnover ratio

Financial cycle duration = Inventory turnover ratio + Accounts receivable turnover ratio - Accounts payable turnover ratio

Equity turnover ratio = Net sales revenue / Period average value of equity enterprises

A system of indicators for comprehensive assessment of financial condition

| Group of indicators | Characteristics of indicator's group |
|-----------------------------------|---|
| Business Activity evaluation | Characterize the ability of an enterprise to use its resources effectively. The indicators of this group include: sales volume of finished goods, works, services, profits, amount of capital advanced. |
| Property evaluation | Allows you to determine how effectively the enterprise property is used. The indicators of this group include: the amount of economic assets at the disposal of the enterprise, the rate of depreciation of fixed assets, the rate of renewal, the rate of disposal, etc. |
| Profitability evaluation | Characterize the profitability of the enterprise. The indicators of this group include: coefficients of return on assets, equity, activity, products. |
| Evaluation of financial stability | Characterize the efficiency of the formation and use of monetary resources necessary for normal business activities. The indicators of this group include: coefficient of autonomy, dependence, financial risk, maneuverability of equity. |
| Evaluation of liquidity | Characterize the ability of the borrower to ensure the timely fulfillment of their obligations, provide an opportunity to predict the likelihood of repayment of the loan under the agreement. These include: absolute, critical, and current ratio. |
| Solvency evaluation | Characterize the ability of an entity to meet its short and long-term liabilities at the expense of its own assets. The indicators of this group include: coefficients of absolute, urgent, intermediate and total solvency. |

Business Activity ratios

| Coefficient | Years | | | Dynamic in years, % | |
|---|--------|--------|--------|---------------------|-----------|
| | 2016 | 2017 | 2018 | 2016-2017 | 2017-2018 |
| Turnover ratio | 0.84 | 0.66 | 0.85 | (21.43) | 28.79 |
| The average period of turnover of total assets of the enterprise | 433.95 | 553.13 | 430.35 | 27.46 | (22.20) |
| Current assets turnover ratio | 1.81 | 1.64 | 3.11 | (9.39) | 89.63 |
| The average period of turnover of current assets of the enterprise | 201.12 | 223.19 | 117.21 | 10.97 | (47.48) |
| Inventory turnover ratio | 4.35 | 3.94 | 3.14 | (9.43) | (20.30) |
| Average inventory retention period | 83.83 | 92.62 | 116.21 | 10.49 | 25.47 |
| Inventory turnover ratio | 18.58 | 15.17 | 14.4 | (18.35) | (5.08) |
| Average storage period | 19.65 | 24.06 | 25.34 | 22.44 | 5.32 |
| Work-in-progress ratio | 225.93 | 211.12 | 246.89 | (6.56) | 16.94 |
| Average work in progress period | 1.62 | 1.73 | 1.48 | 6.79 | (14.45) |
| Finished goods turnover ratio | 5.83 | 5.46 | 4.08 | (6.35) | (25.27) |
| Average storage period of finished products | 62.56 | 66.84 | 89.4 | 6.84 | 33.75 |
| Accounts receivable turnover ratio | 3.48 | 3.75 | 11.13 | 7.76 | 196.80 |
| The average period of repayment (collection) of receivables | 105 | 97.26 | 32.78 | (7.37) | (66.30) |
| Accounts payable turnover ratio | 3.63 | 16.08 | 42.59 | 342.98 | 164.86 |
| Average payables repayment period | 59.68 | 22.7 | 8.57 | (61.96) | (62.25) |
| Financial cycle duration | 83.67 | 80.3 | 84.76 | (4.03) | 5.55 |
| Operating cycle duration | 188.82 | 189.89 | 149 | 0.57 | (21.53) |
| Equity turnover ratio | 2.35 | 0.36 | 38.61 | (84.68) | 10,625.00 |
| The average period of turnover of equity | 155.3 | 100.28 | 9.45 | (35.43) | (90.58) |

Profitability ratios

| Coefficient | Years | | | Dynamic in years, % | |
|--|----------|---------|--------|---------------------|-----------|
| | 2016 | 2017 | 2018 | 2016-2017 | 2017-2018 |
| Return on fixed assets | -59.7 | -224.41 | 0.44 | 275.90 | (100.20) |
| ROA | -10.28 | -0.43 | 0.33 | (95.82) | (176.74) |
| ROE | -44.46 | -140.88 | 14.6 | 216.87 | (110.36) |
| Gross margin | 59.43 | 46.6 | 45.95 | (21.59) | (1.39) |
| ROS | -12.22 | -65.1 | 0.39 | 432.73 | (100.60) |
| ROIC | -20.32 | -188.94 | 5.32 | 829.82 | (102.82) |
| ROCE | -4.46 | -4.33 | 0.08 | (2.91) | (101.85) |
| Production profitability | -18.42 | -31.25 | 0.45 | 69.65 | (101.44) |
| Return on current assets | 172.06 | 207.22 | 301.06 | 20.43 | 45.29 |
| Product profitability at cost | 146.46 | 87.26 | 85.01 | (40.42) | (2.58) |
| Profitability of products from revenue | 59.43 | 46.6 | 45.95 | (21.59) | (1.39) |
| Profitability of the main operating activities by cost | -0.11 | -1 | -1 | 809.09 | - |
| Profitability of core business from revenue | -0.13 | -0.9 | -0.72 | 592.31 | (20.00) |
| Cost-effective operating profitability | -0.12 | -1.01 | -1.01 | 741.67 | - |
| Operating profitability by income | -0.19 | -0.34 | 0 | 78.95 | (100.00) |
| Total operating cost-effectiveness | -0.17 | -0.44 | 0.01 | 158.82 | (102.27) |
| General cost-effectiveness of ordinary activities | -0.17 | -0.43 | 0.01 | 152.94 | (102.33) |
| Overall cost-effectiveness | -0.1 | -0.19 | 0 | 90.00 | (100.00) |
| Total profitability (by operating income) | -0.17 | -0.34 | 0 | 100.00 | (100.00) |
| Total profitability (from revenue) | -0.19 | -0.39 | 0 | 105.26 | (100.00) |
| Return on Capital Employed | -2549213 | -5.35 | 0.14 | (100.00) | (102.62) |
| Gros Margin Ratio | 0.59 | 0.47 | 0.46 | (20.34) | (2.13) |

Differences in absolute and relative deviations of Assets of LLC LuxKraina, 2016-2018 , thousands UAH

| Assets | 31/12/2015 year | 31/12/2016 year | 31/12/2017 year | 31/12/2018 year | 2015-2016 year | 2016-2017 year | 2017-2018 year | 2015- 2016 year | 2016- 2017 year | 2017- 2018 year |
|--|--------------------|--------------------|--------------------|--------------------|-----------------------|-------------------|-------------------|--|-----------------------|-----------------------|
| | | | | | Absolute deviation, % | | | Relative deviation (growth rate), % | | |
| I. Non-current assets | | | | | | | | | | |
| Intangible assets: | 42.08 | 37.21 | 37.52 | 147.10 | -4.87 | 0.30 | 109.58 | -11.56 | 0.82 | 292.08 |
| initial value | 101.70 | 105.14 | 113.38 | 197.64 | 3.43 | 8.25 | 84.25 | 3.37 | 7.85 | 74.31 |
| accumulated depreciation | -59.62 | -67.92 | -75.87 | -50.54 | -8.30 | -7.94 | 25.33 | 13.92 | 11.70 | -33.39 |
| Incomplete capital investment | 725.69 | 654.36 | 462.42 | 721.62 | -71.34 | -191.94 | 259.20 | -9.83 | -29.33 | 56.05 |
| Fixed Assets | 13512.06 | 13861.29 | 14464.45 | 13399.31 | 349.23 | 603.16 | -1065.14 | 2.58 | 4.35 | -7.36 |
| initial value | 16764.65 | 15037.85 | 15489.69 | 16297.27 | -1726.79 | 451.84 | 807.57 | -10.30 | 3.00 | 5.21 |
| wear and tear | -3252.59 | -1176.56 | -1025.24 | -2897.96 | 2076.02 | 151.32 | -1872.72 | -63.83 | -12.86 | 182.66 |
| other financial investments | 10.43 | 9.42 | 9.42 | 9.42 | -1.02 | 0.00 | 0.00 | -9.74 | 0.00 | 0.00 |
| Long-term receivables | 3.08 | 2.75 | 2.42 | 2.27 | -0.33 | -0.34 | -0.15 | -10.70 | -12.16 | -6.24 |
| Deferred tax assets | 0.00 | 0.00 | 3468.74 | 4942.35 | 0.00 | 3468.74 | 1473.61 | | | 42.48 |
| Other non-current assets | 3933.53 | 3900.75 | 3894.32 | 3894.32 | -32.78 | -6.43 | 0.00 | -0.83 | -0.16 | 0.00 |
| Total I part | 18226.88 | 18465.78 | 22339.29 | 23116.39 | 238.91 | 3873.51 | 777.09 | 1.31 | 20.98 | 3.48 |
| II. Current assets | | | | | | | | | | |
| Stocks | 3302.76 | 2057.60 | 4061.77 | 5199.13 | -1245.16 | 2004.17 | 1137.36 | -37.70 | 97.40 | 28.00 |
| Inventories | 567.47 | 688.98 | 900.37 | 1118.83 | 121.51 | 211.39 | 218.47 | 21.41 | 30.68 | 24.26 |
| Unfinished production | 36.44 | 66.86 | 47.36 | 70.45 | 30.42 | -19.51 | 23.10 | 83.48 | -29.17 | 48.77 |
| Final product | 127.53 | 189.47 | 192.71 | 465.53 | 61.94 | 3.24 | 272.82 | 48.57 | 1.71 | 141.57 |

Continuing of Appendix J

| Assets | 31/12/201 5 year | 31/12/2016 year | 31/12/2017 year | 31/12/201 8 year | 2015- 2016 year | 2016- 2017 year | 2017- 2018 year | 2015- 2016 year | 2016- 2017 year | 2017- 2018 year |
|--|---------------------|--------------------|--------------------|---------------------|-----------------------|-----------------------|-----------------------|-------------------------------------|-----------------------|-----------------------|
| | | | | | Absolute deviation, % | | | Relative deviation (growth rate), % | | |
| II. Current assets | | | | | | | | | | |
| Goods | 2571.32 | 1112.29 | 2921.34 | 3544.31 | -1459.03 | 1809.05 | 622.98 | -56.74 | 162.64 | 21.33 |
| Accounts receivable for products, goods, works, services | 7312.47 | 9234.75 | 2798.67 | 2034.85 | 1922.29 | -6436.09 | -763.82 | 26.29 | -69.69 | -27.29 |
| Accounts receivable: | 3658.85 | 4469.78 | 2745.15 | 160.14 | 810.94 | -1724.63 | -2585.01 | 22.16 | -38.58 | -94.17 |
| with budget | 49.88 | 49.15 | 45.42 | 30.49 | -0.73 | -3.73 | -14.93 | -1.47 | -7.59 | -32.87 |
| including income tax | 10.13 | 0.00 | 0.00 | 0.00 | -10.13 | 0.00 | 0.00 | -100.00 | | |
| Other current receivables | 382.79 | 458.28 | 569.95 | 553.67 | 75.49 | 111.68 | -16.28 | 19.72 | 24.37 | -2.86 |
| Money and their equivalents | 188.01 | 289.18 | 246.16 | 381.00 | 101.17 | -43.02 | 134.84 | 53.81 | -14.88 | 54.78 |
| Cash | 15.99 | 14.82 | 25.75 | 21.90 | -1.16 | 10.92 | -3.84 | -7.28 | 73.68 | -14.92 |
| Other current assets | 85.90 | 157.92 | 428.99 | 578.12 | 72.02 | 271.07 | 149.13 | 83.85 | 171.65 | 34.76 |
| Total II part | 14980.64 | 16716.65 | 10896.10 | 8937.39 | 1736.01 | -5820.55 | -1958.71 | 11.59 | -34.82 | -17.98 |
| III. Non-current assets held for sale and disposal groups | 0.00 | 0.00 | 14.42 | 15.25 | 0.00 | 14.42 | 0.82 | 0.00 | 0.00 | 100.00 |
| Total | 33207.52 | 35182.43 | 33249.81 | 32069.02 | 1974.92 | -1932.63 | -1180.79 | 5.95 | -5.49 | -3.55 |

Appendix K

Differences in structure of Assets of LLC LuxKraina, 2016-2018 , thousands UAH

| Assets | 31/12/2015 year | 31/12/2016 year | 31/12/2017 year | 31/12/2018 year | 2015- 2016 year | 2016-2017 year | 2017- 2018 year | 2015- 2016 year | 2016- 2017 year | 2017- 2018 year |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|------------------------------|-------------------|-----------------------|------------------------------|-----------------------|-----------------------|
| | | | | | Structure parts of Assets, % | | | Structure of Total Asset , % | | |
| I. Non-current assets | | | | | | | | | | |
| Intangible assets: | 42.08 | 37.21 | 37.52 | 147.10 | 0.20 | 0.17 | 0.64 | 0.11 | 0.11 | 0.46 |
| initial value | 101.70 | 105.14 | 113.38 | 197.64 | 0.57 | 0.51 | 0.85 | 0.30 | 0.34 | 0.62 |
| accumulated depreciation | -59.62 | -67.92 | -75.87 | -50.54 | -0.37 | -0.34 | -0.22 | -0.19 | -0.23 | -0.16 |
| Incomplete capital investment | 725.69 | 654.36 | 462.42 | 721.62 | 3.54 | 2.07 | 3.12 | 3.91 | 4.24 | 8.07 |
| Fixed Assets | 13512.06 | 13861.29 | 14464.45 | 13399.31 | 75.06 | 64.75 | 57.96 | 39.40 | 43.50 | 41.78 |
| initial value | 16764.65 | 15037.85 | 15489.69 | 16297.27 | 81.44 | 69.34 | 70.50 | 42.74 | 46.59 | 50.82 |
| wear and tear | -3252.59 | -1176.56 | -1025.24 | -2897.96 | -6.37 | -4.59 | -12.54 | -3.34 | -3.08 | -9.04 |
| other financial investments | 10.43 | 9.42 | 9.42 | 9.42 | 0.05 | 0.04 | 0.04 | 0.03 | 0.03 | 0.03 |
| Long-term receivables | 3.08 | 2.75 | 2.42 | 2.27 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Deferred tax assets | 0.00 | 0.00 | 3468.74 | 4942.35 | 0.00 | 15.53 | 21.38 | 0.00 | 10.43 | 15.41 |
| Other non-current assets | 3933.53 | 3900.75 | 3894.32 | 3894.32 | 21.12 | 17.43 | 16.85 | 11.09 | 11.71 | 12.14 |
| Total I part | 18226.88 | 18465.78 | 22339.29 | 23116.39 | 100.00 | 100.00 | 100.00 | 54.89 | 52.49 | 72.08 |
| II. Current assets | | | | | | | | | | |
| Stocks | 3302.76 | 2057.60 | 4061.77 | 5199.13 | 12.31 | 37.28 | 58.17 | 5.85 | 12.22 | 16.21 |
| Inventories | 567.47 | 688.98 | 900.37 | 1118.83 | 4.12 | 8.26 | 12.52 | 1.96 | 2.71 | 3.49 |
| Unfinished production | 36.44 | 66.86 | 47.36 | 70.45 | 0.40 | 0.43 | 0.79 | 0.19 | 0.14 | 0.22 |
| Final product | 127.53 | 189.47 | 192.71 | 465.53 | 1.13 | 1.77 | 5.21 | 0.54 | 0.58 | 1.45 |
| Goods | 2571.32 | 1112.29 | 2921.34 | 3544.31 | 6.65 | 26.81 | 39.66 | 3.16 | 8.79 | 11.05 |

Differences in absolute and relative deviations of Liabilities of LLC LuxKraina, 2016-2018 , thousands UAH

| Liabilities | 31/12/2015 year | 31/12/2016 year | 31/12/2017 year | 31/12/2018 year | 2015- 2016 year | 2016- 2017 year | 2017- 2018 year | 2015- 2016 year | 2016- 2017 year | 2017- 2018 year |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|-----------------------|-----------------------|-------------------------------------|-----------------------|-----------------------|
| | | | | | Absolute deviation, % | | | Relative deviation (growth rate), % | | |
| I. Equity | | | | | | | | | | |
| Registered (share) capital | 1010.97 | 1010.97 | 1010.97 | 1010.97 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Capital in revaluation | 13529.19 | 15095.62 | 16765.66 | 16876.48 | 1566.44 | 1670.03 | 110.82 | 11.58 | 11.06 | 0.66 |
| Retained earnings (uncovered loss) | 277.55 | -6449.32 | -15027.04 | -17150.37 | -6726.87 | -8577.72 | -2123.33 | -2423.69 | 133.00 | 14.13 |
| Total I part | 14817.71 | 9657.27 | 2749.58 | 737.08 | -5160.43 | -6907.69 | -2012.50 | -34.83 | -71.53 | -73.19 |
| II. Long-term liabilities | | | | | | | | | | |
| Deferred tax liabilities | 1215.11 | 50.94 | 0.00 | 0.00 | -1164.17 | -50.94 | 0.00 | -95.81 | - | 100.00 |
| Long-term security | 1252.74 | 1358.34 | 1691.62 | 1814.52 | 105.61 | 333.28 | 122.90 | 8.43 | 24.54 | 7.27 |
| Long-term staff costs | 653.03 | 698.91 | 871.64 | 977.06 | 45.88 | 172.73 | 105.42 | 7.03 | 24.71 | 12.09 |
| Total II part | 2467.84 | 1409.28 | 1691.62 | 1814.52 | -1058.56 | 282.34 | 122.90 | -42.89 | 20.03 | 7.27 |
| III. Short-term liabilities | | | | | | | | | | |
| Short-term bank credits | 350.00 | 0.00 | 0.00 | 0.00 | -350.00 | 0.00 | 0.00 | -100.00 | | |

Continuing of Appendix L

| Liabilities | 31/12/2015 year | 31/12/2016 year | 31/12/2017 year | 31/12/2018 year | 2015-2016 year | 2016-2017 year | 2017- 2018 year | 2015- 2016 year | 2016- 2017 year | 2017- 2018 year |
|--|--------------------|--------------------|--------------------|--------------------|-----------------------|-------------------|--------------------|--|-----------------------|-----------------------|
| | | | | | Absolute deviation, % | | | Relative deviation (growth rate), % | | |
| III. Short-term liabilities | | | | | | | | | | |
| Current accounts payable: | 26.19 | 0.00 | 0.00 | 0.00 | -26.19 | 0.00 | 0.00 | -100.00 | | |
| for goods, works, services | 6985.46 | 2420.87 | 387.90 | 875.68 | -4564.59 | -2032.97 | 487.78 | -65.34 | -83.98 | 125.75 |
| on the calculations with the budget | 2822.05 | 10085.19 | 13233.54 | 12680.30 | 7263.15 | 3148.34 | -553.24 | 257.37 | 31.22 | -4.18 |
| including income tax | 512.81 | 897.39 | 1558.98 | 1454.05 | 384.59 | 661.59 | -104.93 | 75.00 | 73.72 | -6.73 |
| by insurance calculations | 27.40 | 30.02 | 1.47 | 3.20 | 2.62 | -28.55 | 1.74 | 9.56 | -95.11 | 118.11 |
| on wage calculations | 62.13 | 74.08 | 8.81 | 19.54 | 11.95 | -65.27 | 10.73 | 19.24 | -88.11 | 121.76 |
| on advances received | 160.48 | 387.15 | 353.72 | 261.89 | 226.67 | -33.43 | -91.84 | 141.25 | -8.63 | -25.96 |
| according to the calculations with participants | 3984.85 | 2804.08 | 2780.78 | 474.76 | -1180.77 | -23.30 | -2306.02 | -29.63 | -0.83 | -82.93 |
| Current liabilities | 1060.92 | 7418.45 | 11635.93 | 14823.79 | 6357.52 | 4217.48 | 3187.86 | 599.24 | 56.85 | 27.40 |
| Other current liabilities | 442.51 | 896.05 | 406.46 | 378.25 | 453.54 | -489.59 | -28.21 | 102.49 | -54.64 | -6.94 |
| Total III part | 15921.97 | 24115.88 | 28808.61 | 29517.42 | 8193.91 | 4692.73 | 708.81 | 51.46 | 19.46 | 2.46 |
| Total | 33207.52 | 35182.43 | 33249.81 | 32069.02 | 1974.92 | -1932.63 | -1180.79 | 5.95 | -5.49 | -3.55 |

Differences in structure of Liabilities of LLC LuxKraina, 2016-2018 , thousands UAH

| Liabilities | 31/12/2015 year | 31/12/2016 year | 31/12/2017 year | 31/12/2018 year | 2015- 2016 year | 2016- 2017 year | 2017- 2018 year | 2015- 2016 year | 2016- 2017 year | 2017- 2018 year |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|-----------------------|-----------------------|---------------------------------|-----------------------|-----------------------|
| | | | | | Structure parts of Liability, % | | | Structure of Total Liability, % | | |
| I. Equity | | | | | | | | | | |
| Registered (share) capital | 1010.97 | 1010.97 | 1010.97 | 1010.97 | 10.47 | 36.77 | 137.16 | 2.87 | 3.04 | 3.15 |
| Capital in revaluation | 13529.19 | 15095.62 | 16765.66 | 16876.48 | 156.31 | 609.75 | 2289.64 | 42.91 | 50.42 | 52.63 |
| Retained earnings (uncovered loss) | 277.55 | -6449.32 | -15027.04 | -17150.37 | -66.78 | -546.52 | -2326.80 | -18.33 | -45.19 | - |
| Total I part | 14817.71 | 9657.27 | 2749.58 | 737.08 | 100.00 | 100.00 | 100.00 | 27.45 | 8.27 | 2.30 |
| II. Long-term liabilities | | | | | | | | | | |
| Deferred tax liabilities | 1215.11 | 50.94 | 0.00 | 0.00 | 3.61 | 0.00 | 0.00 | 0.14 | 0.00 | 0.00 |
| Long-term security | 1252.74 | 1358.34 | 1691.62 | 1814.52 | 96.39 | 100.00 | 100.00 | 3.86 | 5.09 | 5.66 |
| Long-term staff costs | 653.03 | 698.91 | 871.64 | 977.06 | 49.59 | 51.53 | 53.85 | 1.99 | 2.62 | 3.05 |
| Total II part | 2467.84 | 1409.28 | 1691.62 | 1814.52 | 100.00 | 100.00 | 100.00 | 4.01 | 5.09 | 5.66 |
| III. Short-term liabilities | | | | | | | | | | |
| Short-term bank credits | 350.00 | 0.00 | 0.00 | 0.00 | | | | | | |
| Current accounts payable: | 26.19 | 0.00 | 0.00 | 0.00 | | | | | | |
| for goods, works, services | 6985.46 | 2420.87 | 387.90 | 875.68 | 10.04 | 1.35 | -2.97 | 6.88 | 1.17 | 2.73 |

