

Kyiv National University of Trade and Economics

Department of Management

FINAL QUALIFYING PAPER

on the topic:

Diagnosis of economic potential of the enterprise

(based on materials of Mazars Ukraine LLC, Kyiv city)

Student of 2^d year, group 7am
specialty
073 «Management»
specialization
«Trade Management»

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Kyiv 2020

Київський національний торговельно-економічний університет

Кафедра менеджменту

ВИПУСКНА КВАЛІФІКАЦІЙНА РОБОТА

на тему:

Діагностика економічного потенціалу підприємства

(за матеріалами ТОВ «Мазар Україна», м. Київ)

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ABSTRACT
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РЕФЕРАТ

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Київ 2020

ABSTRACT

of final qualifying paper, on the topic:

Diagnosis of economic potential of the enterprise

Structure of scientific work. The main content of the scientific work is set out on 45 pages. The work contains 14 tables, 1 figure. The list of used sources includes 28 items of the name sources (including Internet resources).

The work is based on the materials of Mazars Ukraine LLC (m. Kyiv).

Subject of the research is theoretical, methodical and practical aspects of diagnosing the economic potential of the enterprise.

Purpose of the paper (project) is to explain the theoretical foundations and to develop a system of indicators for assessing the economic potential of the enterprise Mazars Ukraine LLC.

According to the purpose, the following tasks were set before research:

- to analyze the economic potential of Mazars Ukraine LLC;
- provide an assessment of the economic potential of the Company;
- develop measures to improve the use of economic potential;
- provide an efficiency of using the economic potential of the Company in future.

The obtained results can be used and implemented in Mazars Ukraine LLC.

Year of performance of work 2019 – 2020.

Year of work protection – 2020.

РЕФЕРАТ

випускної кваліфікаційної роботи, виконаної на тему:

Діагностика економічного потенціалу підприємства

Структура наукової роботи. Основний зміст наукової роботи викладено на 45 сторінках. Робота містить 14 таблиць, 1 малюнок. Список використаних джерел включає 28 позиції джерел імен (включаючи Інтернет-ресурси).

Робота заснована на матеріалах ТОВ «Мазарс Україна» (м. Київ).

Предметом дослідження є теоретичні, методичні та практичні аспекти діагностики економічного потенціалу підприємства.

Мета роботи (проекту) - пояснити теоретичні основи та розробити систему показників для оцінки економічного потенціалу підприємства ТОВ «Мазарс Україна».

Відповідно до мети перед дослідженням ставили такі завдання:

- проаналізувати економічний потенціал ТОВ «Мазарс Україна»;
- дати оцінку економічного потенціалу Компанії;
- розробити заходи щодо вдосконалення використання економічного потенціалу;
- забезпечити ефективність використання економічного потенціалу Компанії в майбутньому.

Отримані результати можна використовувати та впроваджувати в ТОВ «Мазарс Україна».

Рік виконання роботи 2019 - 2020.

Рік захисту праці - 2020 рік.

Annotation

final qualifying paper performed on the topic:

Diagnosis of economic potential of the enterprise

(according to Mazars Ukraine LLC, Kyiv)

The final qualifying work is devoted to the diagnosis of the economic potential of the enterprise. The paper solves an important scientific and practical task for the further development of theoretical foundations, methodological and practical proposals and recommendations for improving the process of diagnosing the economic potential of the enterprise.

The dynamics of the main indicators of the enterprise during 2017 - 2019 is studied in order to diagnose the economic potential of the enterprise.

Key words - enterprise potential, economic potential of the enterprise, assessment of economic potential of the enterprise, efficiency.

Анотація

випускної кваліфікаційної роботи, виконаної на тему:

«Діагностика економічного потенціалу підприємства»

(за матеріалами ТОВ «Мазар Україна», м.Київ)

Випускна кваліфікаційна робота присвячена діагностики економічного потенціалу підприємства. У роботі вирішено важливе науково-практичне завдання щодо подальшого розвитку теоретичних основ, методичних і практичних пропозицій та рекомендацій з удосконалення процесу діагностики економічного потенціалу підприємства.

Досліджено динаміку основних показників діяльності підприємства протягом 2017 – 2019 років з метою діагностики економічного потенціалу підприємства.

Ключові слова - потенціал підприємства, економічний потенціал підприємства, оцінка економічного потенціалу підприємства, ефективність.

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INTRODUCTION

Relevance. Every day there are some changes in the country's economy. For an enterprise to develop and operate effectively, it is necessary to be constantly on the wave of search for new landmarks, to apply new views and methods to the work of the enterprise, to study the economic status and activity of competitors. This raises the urgent question of selecting adequate and qualitative goals, principles, methods, criteria and indicators for evaluating the activities of enterprises that would meet the modern requirements of a market economy and consider the specifics of the industry.

The purpose is to explain the theoretical foundations and to develop a system of indicators for assessing the economic potential of the enterprise. It is necessary to solve the following problems to achieve this goal:

- summarize the theoretical foundations and identify the main characteristics of diagnostics of the economic potential of the enterprise;
- systematize the classification features of the enterprise's economic potential;
- study the factors that influence the economic potential of enterprises;
- analyze different groups of indicators of economic potential of the enterprise.

The object of the research is the process of diagnosing the economic potential of the enterprise.

The subject of the is a set of theoretical and practical aspects of diagnosing the economic potential of the enterprise.

Research methods. The study used: theoretical methods - analysis, synthesis, classification, systematization, generalization of economic and methodological literature, textbooks, manuals, scientific publications on research problems, which allowed to substantiate the theoretical foundations (essence, features, classification, management models and indicators) ensuring the effectiveness of economic potential management. Empirical methods - observation, collection of facts allowed to analyze the indicators of production activity and the state of management of economic

potential. Praximetric methods - study and generalization allowed to identify reserves, justify proposals and analyze their impact on the state of formation of economic potential.

The practical significance of the obtained results lies in the substantiation of the management model of the economic potential of the audit company, which can be used to increase its efficiency, as well as control over its implementation.

Structure and scope of final qualifying paper. Scientific work consists of introduction, three sections, conclusions, list of sources used, annotations, appendices. The main content of the scientific work is set out on 45 pages. The work contains 14 tables, 1 figure. The list of used sources includes 28 items of the name sources.

The scientific novelty of final qualifying paper is to determine the main indicators of economic potential of the enterprise in an unstable market environment.

PART 1. THEORETICAL ASPECTS OF THE ECONOMIC POTENTIAL OF THE ENTERPRISE

1.1 Structure and essence of economic potential and its peculiarities

The potential of the enterprise is an integral reflection (assessment) of current and future capabilities of the economic system to transform input resources through its inherent entrepreneurial abilities into economic benefits, thus satisfying corporate and public interests [15, p. 224]. Recently, we are increasingly confronted with the concept of the economic potential of an enterprise. And, indeed, a cost-effective company that creates, develops, and introduces new products to the market, responds to changes in internal and external factors in the shortest possible time can reveal its economic potential.

Thus, the competitiveness of the enterprise is directly related to the increase of the level of development of its potential and its main components. As the enterprise operates in a macrosystem, it is obvious that the development of each component of economic potential must be considered together with the market potential (characterized by capacity, level and pace of development), potential of competitors and the state potential. Consider the main approaches to understanding the economic potential, which we present in table. 1.1.

Table 1.1

Theoretical approaches to understanding the concept of "economic potential"

Author	Definition
Vikhansky O. S.	The economic potential of the organization is the composition of its resources – labor, material resources, financial and other resources available to the organization to produce planned goods and services [6, p. 656].

Continuation of Table 1.1.

Drucker P. F.	The economic potential of the organization is determined as a combination of resources, both from existing and identified provisions [7, p. 218].
Zub A. T.	The economic potential of the enterprise is characterized as the optimal use of all available resources of the organization in order to obtain maximum profit [9, p. 375].
Litvak B. G.	The economic potential is considered as sources, opportunities, resources, reserves that can be used by the organization to solve problems and achieve goals in a specific area [11, p. 507].
Porter M. Y.	The economic potential is described as the organization's ability to realize the existing competitive advantages, the use of structural features, geographical location, social and institutional factors [13, p. 716].
Reshetov K. Y.	The economic potential of the organization is the aggregate ability to produce certain goods that differ qualitatively and quantitatively in a certain period [14, p. 284].
Egorshin A. P.	The economic potential of the organization is defined as the ability to recoup the initial investment in its own development [8, p. 290].
Alekseev S. B.	The set of resources available to the enterprise, as well as the ability of employees and managers to use resources to produce goods (services) and maximize profits [5, p. 54].

Source: formed based on of processing sources [6, p. 656], [7, p.218], [8, p. 290], [9, p.375], [11, p. 507], [13, p. 716], [14, p. 284], [5, p. 54]

Thus, on the basis of these interpretations, it is possible to formulate a definition: the economic potential of the organization is planning, organization, leadership and control over the formation and use of available resources within the framework of the strategic benchmark, taking into account the influence of external factors and future opportunities to achieve the strategic goals of the organization.

Analyzing the economic potential of a particular enterprise in a number of industrial enterprises by its basic elements, it is possible to identify the level of its competitiveness, and thus, reduce the analysis of the economic potential of the

enterprise in market conditions to the analysis of its competitiveness. Therefore, we can talk about the competitiveness of the enterprise's potential, which is understood as a comparative comprehensive assessment of the state of the most important parameters of its potential relative to the selected standards (a similar enterprise, industry, world analogues).[10, p. 289]

Regarding the competitiveness of the enterprise, the potential is directly related to the development goals, so planning the development of the enterprise capacity involves several stages, such as:

1. Analysis of the structure, dynamics and efficiency of use of production resources;
2. Determination of the level of competitiveness of the main types of products, the enterprise itself and its total capital;
3. Analysis of existing production reserves;
4. Choosing the basic strategy and tactics of development of enterprise potential;
5. Implementation of planned measures related to ensuring the economic growth and development of the enterprise's potential.

The success of an enterprise is determined not only by rational reduction of production, cost reduction, development specializations, i.e. the impact of management on internal factors of production. Full use of flexibility and adaptability to constant changes in the external environment that represents all those variables that are outside the enterprise and are not included in the scope of direct impact of his management (suppliers, consumers, shareholders, creditors, trade organizations, consumer societies, management structures), determines the development opportunities of the enterprise.

In addition, environmental factors include social factors that predetermine many strategically important decisions of the enterprise. The key role here is played by economic, political, legal, cultural, environmental, technological circumstances. External factors in an ever-growing degree dictate the strategy and tactics of enterprises.

When making management decisions on the further development of the enterprise, the manager is primarily interested in what economic potential the company has now, how it can be increased. Under the economic potential refers to the combination of asset (assets potential) and financial position of the enterprise. [10, p.289]

The increased need for assessment and analysis of the financial condition of an economic entity (organization, enterprise) led to the development of economic analysis of economic activity in combination with financial analysis. Acquiring a systemic character, economic analysis of economic activity brings an increasing effect in enterprise management. The financial condition of the company is determined by the result of its financial and economic activities. Therefore, the task of system analysis at present should be considered of all the factors that ensure the financial stability of the enterprise.

Assessment of economic potential is an integral part of economic analysis. It is necessary for various purposes:

1. Assessment of available resources and their use;
2. Determination of the effective functioning of the enterprise in the future;
3. Strategic planning based on evaluation results;
4. Attracting investment from the outside.

When assessing the economic potential of the organization, an analysis should be carried out in the following areas, which we represent in table 1.2.

Table 1.2.

Areas of assessing the economic potential

Areas	Definition
Financial potential	Financial potential is characterized by financial performance (profitability, liquidity, solvency, available investment, opportunities). There are also other indicators necessary to describe the financial potential.
Property potential	The property potential can be increased by replacing old equipment with more technological, efficient use of rented or available premises (sublease, expansion of activity, sale). In each case, decisions are made considering the characteristics of the organization.
Production potential	The production potential is reflected in the potential volume of goods produced, the potential use of raw materials. This potential is closely related to property potential, since the volume of output depends on fixed assets, their capacity. When analyzing production potential, the structure of production is just as important.

Continuation of table 1.2.

Human resources	Human resources are the set of the people who make up the workforce of an organization, business sector, industry, or economy. A narrower concept is human capital, the knowledge which the individuals embody. Similar terms include manpower, labour, personnel, associates or simply people.
Marketing potential	Marketing potential includes analysis of the potential volume of demand for goods and analysis of the market share occupied by the organization, organization and labor market, organization and market of factors of production.

Source: formed based on processing source [12, p. 344]

If all areas of the economic potential of the organization are at the proper level, there is a synergistic effect. That is, in the aggregate, the elements bring more benefits than individually, the effective use of all types of potential makes the organization competitive. The effective implementation of the common potential depends on the state of each of its parts, as well as their interaction. It is the balance of the parts of the total potential that is the main condition for its full realization.

Economic potential, including its constituent elements, which were described above, and the mechanism of its development are necessary to maintain the competitiveness of the organization. While the total potential is considered by the organization, affecting all aspects from different points of view. Economic potential, responsible for the research and development of organizations from an economic point of view. At the same time, other types of potential, such as legal, environmental, can be investigated within the overall potential of the organization.

1.2 Methodical tools for diagnosing the economic potential of the enterprise

The success of the enterprise in the market is a consequence of making sound management decisions, the basis of which is the assessment of the available resource potential of the enterprise.

Assessment of the economic potential of the enterprise is a process of determining and analyzing its quantitative and qualitative characteristics, as well as the economic effect of resource use. The result of the evaluation is a statement about a certain aspect of the object under study, which should be clearly defined, as informative as possible, accessible in understanding and easy to use.

When assessing the effectiveness of the use of resource potential, it should be noted that "efficiency" is always a relative concept, as it characterizes the causal relationships in the system of relations of the object of study. In this context, efficiency cannot be equated with effectiveness.

Zelenskaya M.O. proposes to consider efficiency in time stages:

- in the short term - is the effectiveness of production, the effectiveness of the organization and the satisfaction of stakeholders;
- in the medium term - are indicators of development, economic flexibility and adaptability;
- in the long run - is the competitiveness of the organization in the market [16, p. 80].

Thus, the assessment of the effectiveness of resource potential is based on the use of values of individual indicators or their ratios that characterize the effectiveness of the economic system.

Depending on the form of presentation of results and costs, the following categories of efficiency are distinguished:

- 1) economic efficiency - results and costs are valued in cost form;
- 2) technical efficiency - results and costs are measured in actual size;
- 3) socio-economic efficiency - considers not only economic but also social consequences of the implementation of measures.

The system of efficiency indicators should give an aggregate assessment of the use of all resources of the enterprise and contain all general economic indicators. It must:

- reflect the costs of all types of resources consumed by the enterprise;
- create preconditions for identification of reserves of increase of efficiency of carrying out;
- stimulate the use of all reserves available at the enterprise;
- provide information on the effectiveness of all parts of the management hierarchy;
- perform a criterion function, ie for each of the indicators should be defined rules for the integration of their values [17, p. 265].

If necessary, performance indicators can characterize both the dynamic and static performance of the object of evaluation. Dynamic efficiency indicators assess the resource potential in time space, ie compare their movement on a time scale. Static indicators compare the instantaneous values of the resource potential, describing its state.

Performance evaluation indicators can be quantitative and qualitative. Quantitative indicators are obtained by calculations, qualitative - by experts or

questionnaires, and mainly in cases where the quantitative indicator for some reason cannot be calculated.

In view of the above, we believe that the only general indicator for assessing the use of resource potential should be the net profit of the enterprise, which is the actual purpose of any enterprise. Compared to integrated valuation indicators, net income is clear and comparable with similar values of other objects of research or industry values. In addition, the presence of net profit already indicates the profitability of the enterprise. In this context, it is interesting to study Nizhnyk V.M., who identifies several approaches to understanding the profitability of the enterprise, namely: as break-even; as profitability (level of profitability, measured as a percentage); as the ability to generate profit [18, p. 389].

Thus, we propose to use profit as the main indicator of the system for assessing the use of resource potential of the enterprise.

To detail the assessment of economic potential of the enterprise it is proposed to use a system of evaluation indicators in terms of the use of its individual components, analysis of the dynamics of which will allow to draw conclusions about the state of economic potential and the main trends in its use.

Obviously, not all aspects of resource potential can be adequately assessed as a result of quantitative analysis. In this case, it is proposed to use the methods of expert surveys, questionnaires of employees.

In general, the proposed approach to assessing resource potential is expected to have better prospects for practical application.

Now we can move on to defining an array of indicators that assess the use of individual components of resource potential.

The assessment of the use of the financial potential of the enterprise is aimed at studying the provision of the entity with financial resources and the effectiveness of their use in the context of achieving the goals.

To assess the use of financial potential, it is proposed to use indicators of liquidity, financial stability, business activity, as well as the profitability as an indicator of the efficiency of operating activities of the enterprise (Fig. 1.1).

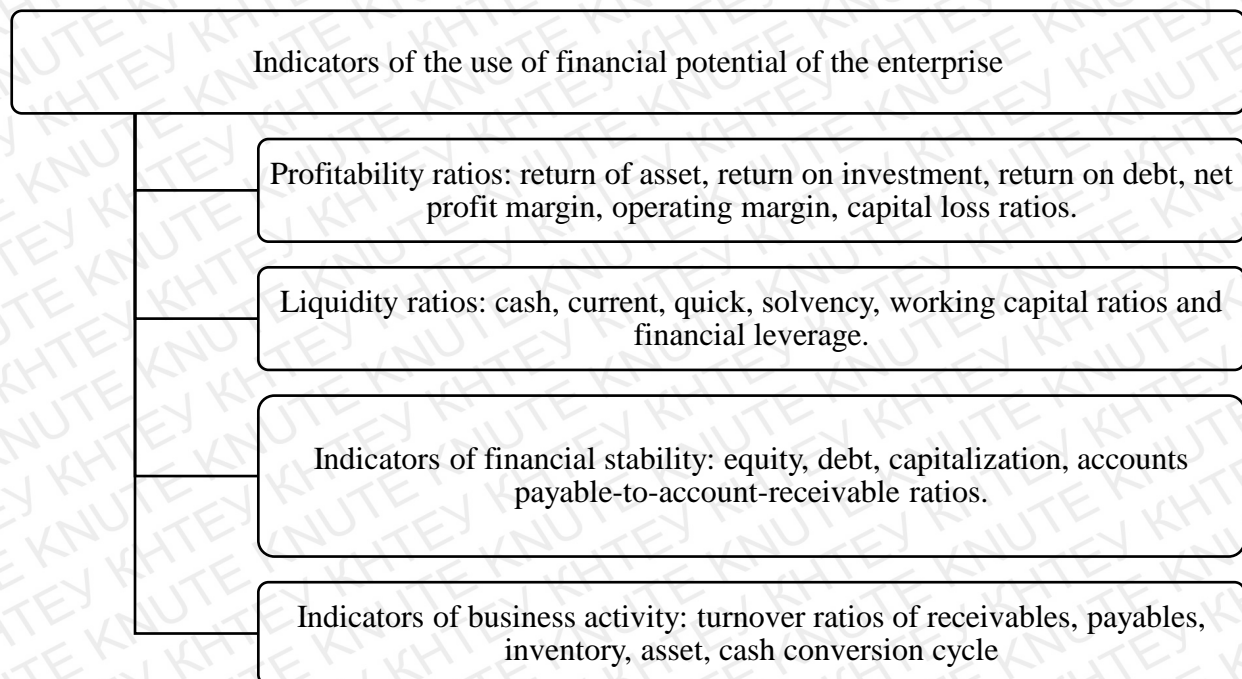


Fig. 1.1. Indicators of the use of financial potential of enterprises
Source: formed based on processing source [19, p. 152]

The study of liquidity ratios will allow to assess the operational capacity of the enterprise to meet the immediate requirements of resource suppliers.

Assessment of financial stability indicators will reveal the main trends in the formation of the structure of financial resources.

The analysis of indicators of business activity is necessary in order to investigate the intensity of the cycle of financial resources of the enterprise.

The information base for calculating the above indicators is the Financial Reporting Forms №1 "Balance Sheet", №2 "Statement of Profit or Loss", №3 and №3-n "Statement of Cash Flows", №4 "Statement of Equity".

The obtained calculated values of the proposed indicators are compared with the recommended values of optimality.

The result of the diagnosis of indicators of the use of financial potential is to identify strengths and weaknesses in the management of financial resources of the enterprise.

To assess the use of human resources of the enterprise, the author proposes to use the following groups of indicators:

- efficiency indicators;
- indicators of condition, structure and movement;
- indicators for assessing the use of individual components of human resources
- psychophysiological, educational, social, motivational and organizational.

Qualitative characteristics of human resources are assessed, as a rule, in points or coefficients using the method of personnel audit, methods of expert evaluation or "assessment center".

Using the methods of expert evaluation provides a comprehensive qualitative and quantitative characteristic of human resources.

The method of "assessment center" is to conduct specially trained evaluators or experienced staff observations of the behavior of evaluated employees in real work situations or in the process of performing specific tasks. The result of the assessment is a certain manifestation of the employee's competence.

PART 2. DIAGNOSIS OF ECONOMIC POTENTIAL OF THE ENTERPRISE

2.1 Research of components of economic potential of the enterprise

To begin with we will give the brief review of the investigated enterprise. Basic information is given in table 2.1.

Table 2.1

General review of Mazars Ukraine LLC

Full name of the legal entity	Mazars Ukraine Limited Liability Company
Short name	Mazars Ukraine LLC
EDRPOU code	19368665
Registration Date	22/09/1993 (27 years 2 months)
Ownership	Non-state property
Activities	Basic: 69.10 Legal services 70.22 Business and management consulting 73.20 Market research and public opinion research 74.90 Other professional, scientific and technical activities n.e.c.
Number of employees	124 persons
Location / office	Kyiv and Lviv

Source: developed by the author based on electronic resource [2]

Mazars Ukraine LLC has an official confirmation of the national supervisory professional body regarding the compliance of the quality control system. The company has successfully passed the external quality control of professional services conducted by the Commission for Quality Control and Professional Ethics of the Audit Chamber of Ukraine (UBA).

According to the requirements of Article 19 of the Law of Ukraine "On Auditing" dated 22.04.1993 №3125-XII, ISA, item 46 of ISCED 1 and other methodological recommendations approved by the UBA, in Mazars Ukraine LLC all conditions are created to ensure an effective system of confidential storage of information regarding customers of audit services.

Let's move on to consider the financial condition of the studied enterprise. The main financial and economic indicators of Mazars Ukraine LLC are given in table. 2.2.

Table 2.2.

**The main financial and economic performance of Mazars Ukraine LLC
for the period 31.12.2017 – 31.12.2019**

№	Indexes	Years			Deviation 2018/2017		Deviation 2019/2018	
		2017	2018	2019	"+, -"	%	"+, -"	%
1	2	3	4	5	6	7	8	9
1	Volume of sold services, thousand UAH	120 497	165 423	157 757	44 926	37%	(7 666)	-5%
2	Cost of services sold, thousand UAH	49 035	77 324	70 285	28 289	58%	(7 039)	-9%
3	Operating expenses, thousand UAH	65 716	69 941	84 384	4 225	6%	14 443	21%
4	Net profit, thousand UAH	7 464	17 191	4 129	9 727	130%	(13 062)	-76%
5	Costs per 1 UAH of sold service, thousand UAH	0,41	0,47	0,45	0,06	15%	(0,02)	-5%
6	The value of current assets, thousand UAH	55 738	68 328	71 720	12 590	23%	3 392	5%

Continuation of table 2.2.

7	The value of non-current assets, thousand UAH	15 942	13 793	18 779	(2 149)	-13%	4 986	36%
8	Cost of fixed assets, thousand UAH	6 262	9 834	14 099	3 572	57%	4 265	43%
9	Capital of the enterprise, thousand UAH.	71 680	82 121	90 499	10 441	15%	8 378	10%
10	Equity, thousand UAH.	8 188	25 319	25 387	17 131	209%	68	0%
11	Debt, thousand UAH.	63 492	56 802	65 112	(6 690)	-11%	8 310	15%

Source: formed based on processing of financial statements of Mazars Ukraine LLC (Appendix C)

From the table 2.2. we see that the Company had a significant increase in volume of sold services in amount of 44,926 thousand UAH or 37% in 2018 compared to 2017, which is caused due to increase in amount of provided services (the amount of inventories was decreased as at 31.12.2018 compared to 2017 year). As at 31.12.2019, the volume of sold services was decreased by 7,666 thousand UAH or 5% but on the other hand we see a significant increase in inventories in amount of 31,898 thousand UAH, which are represented by audit services, financial advisory and tax services for which the Company has not yet recognized revenue.

For the period 12 months 31.12.2019, the Company`s operating expenses amounted 84,384 UAH (2018: 69,941 UAH), which is occurred due to significant increase in number of employees.

We can see that net profit is increased 130% in 2018, which is occurred due to significant growth of sales volume and decreased in 76% in 2019 which is occurred

due to increase in administrative expenses and other operating expenses of the Company.

Cost per 1 UAH of sold service increased in 0,06 UAH or 15% in 2018 due to increase in sales volumes and wages of employees and decreased insignificantly in 0,02 UAH or 5% in 2019 due to lower volume of sales.

The value of current assets increased in 12,590 thousand UAH or 23% in 2018 due to increase in cash, and cash equivalents and increased in 3,392 thousand UAH in 2019 due to increase in inventories of the Company.

The value of non-current assets consists of fixed assets and intangible assets, which is decreased in 2,149 thousand UAH or 13% in 2018 due to disposal of fully depreciated items and increased in 4,986 thousand UAH or 36% due to long-term receivables which is occurred in 2019 and will be settled in next period.

The Company's capital is growing every year, in 2018 by 15% and in 2019 by 10%.

We have prepared an analyze of liquidity/debt, financial stability, business activity and profitability ratios based on Financial Statements of Mazars Ukraine LLC for the period 31.12.2017 – 31.12.2019 year end. The liquidity/debt and financial stability ratios performed on Table 2.3.

Table 2.3.

Liquidity and financial stability ratios of the Company

№	Index	31.12.2017	31.12.2018	31.12.2019	Absolute deviation, 2018		Absolute deviation, 2019	
					"+, -"	%	"+, -"	%
1	2	3	4	5	6	7	8	9
Liquidity / Debt Ratios								
1.1	Cash Ratio	0,29	0,60	0,12	0,31	106%	(0,48)	-80%
1.2	Current Ratio (Working capital ratio)	0,93	1,35	1,16	0,42	45%	(0,19)	-14%
1.3	Quick Ratio (Acid-test ratio)	0,68	1,12	0,46	0,44	64%	(0,66)	-59%
1.4	Solvency Ratio	38,95	53,06	12,21	14,11	36%	(40,84)	-77%
1.5	Working capital	(3 882)	17 808	10 130	21 690	599%	(7 678)	-43%
1.6	Financial Leverage (Debt-to-Equity Ratio)	7,75	2,24	2,56	(5,51)	-71%	0,32	14%
Financial Stability Ratios								
2.1	Equity Ratio	0,11	0,31	0,28	0,19	170%	(0,03)	-9%
2.2	Debt Ratio	0,89	0,69	0,72	(0,19)	-22%	0,03	4%
2.3	Capitalization Ratio	0,32	0,20	0,12	(0,12)	-38%	(0,08)	-39%
2.4	Accounts Payable-to-Accounts Receivable Ratio	1,19	0,62	0,97	(0,57)	-48%	0,35	57%

Source: developed by the author based on financial statements of Mazars Ukraine LLC

(Appendix B)

From the table 2.3. we see that liquidity ratios are represented by:

- Cash ratio, which is in line with recommended value (0,2 – 1). Based on the cash ratio the Company has an opportunity to pay off current liabilities;

- Current ratio with the recommended value (1 – 3), we may conclude that the Company can pay off current liabilities through current assets;
- Quick ratio ($>0,7 - 0,8$) is calculated in order to evaluate the ability of the Company to pay off current liabilities through only cash and accounts receivables. We can see that the Company can pay off current liabilities through only cash and accounts receivables;
- Solvency ratio is calculated in order to evaluate the ability of the Company to cover current costs through only cash and current financial investment. Based on the work performed, we can see that in 2018 year, the Company had the best indicator which is 53,06, which is increased in 36% compared to 2017 year but decreased in 77% in 2019;
- Working capital (> 0) is calculated in order to evaluate the ability of the Company to cover current liabilities through current assets. We can see, that in 2018, the Company increased their working capital by 599% due to significant increase in cash and cash equivalents in current assets and decreased by 43% in 2019, due to increase in current liabilities;
- Financial leverage is calculated in order to evaluate the ability of the Company to pay all debts. We can see, that as at 31.12.2018 the ratio of financial leverage decreased by 71% which is occurred due to significant increase in equity. As at 31.12.2019, the Company's current liabilities have increased which increased the ratio by 14%.

The financial stability ratios are represented by:

- Equity ratio, which has increased by 170% due to increase in equity as at 31.12.2018 and decreased by 9% due to decrease in equity as at 31.1.2019;
- Debt ratio, which is calculated in order to evaluate the ratio between debts and total assets. We see that the Company's debt ratio decreased by 22% in

2018 due to increase in assets and increased by 4% due to increase in current liabilities in 2019;

- Capitalization ratio, which represents the ratio between long-term liabilities and all sources of investment. We may conclude that the Company has low value of long-term liabilities and has a positive trend throughout years;
- Accounts-payable-to-accounts-receivable ratio, which shows the relations between accounts payable and accounts receivables. The Company`s ratio is decreased by 48% due to lower amount of current liabilities as at 31.12.2018 and increased by 57% due to increase in current ensuring of the Company as at 31.12.2019.

The business activity and profitability ratios performed on Table 2.4.

Table 2.4.

Business activity and profitability ratios of the Company

№	Index	2018	2019	Absolute deviation, 2019	
				"+, -"	%
1	2	3	4	5	6
Turnover Ratios (Business Activity)					
3.1	Asset Turnover	2,15	1,83	(0,32)	(15%)
3.2	Inventory Turnover	1,01	0,81	(0,19)	(19%)
3.3	Accounts Receivable Turnover	32,29	34,03	1,73	5%
3.4	Accounts Payable Turnover	14,86	13,63	(1,23)	(8%)
3.5	Days Inventory Outstanding (Days Sales of Inventory)	369,18	452,7	83,48	23%
3.6	Cash Conversion Cycle	344,95	426,25	81,30	24%
Profitability Ratios					
4.1	ROE (Return on Equity)	1,03	0,16	(0,86)	(84%)
4.2	ROA (Return on Assets)	0,24	0,05	(0,19)	(79%)
4.3	ROI (Return on Investment)	1,14	1,24	0,11	3%

Continuation of Table 2.4.

4.4	ROD (Return on Debt)	3,39	0,84	(2,54)	(75%)
4.5	ROR (Net Profit Margin)	0,10	0,03	(0,08)	(75%)
4.6	ROS (Operating Margin)	0,22	0,06	(0,16)	(74%)
4.8	CLR (Capital Loss Ratio)	1,03	0,16	(0,86)	(84%)

Source: developed by the author based on financial statements of Mazars Ukraine LLC

(Appendix B)

From the table 2.4. we may say that the asset turnover is decreased by 15% in 2019 due to lower volume of sales and increase in total assets due to significant increase in inventories of the Company.

Inventory turnover is decreased by 19% in 2019 compared to 2018 due to significant increase in inventories.

Accounts receivable turnover is increased in 5% due to volume of sales for the period 12 months ended 31.12.2019.

Accounts payable turnover decreased by 5% due to lower amount of accounts payables as at 31.12.2019.

Days Inventory Outstanding and cash conversion cycle are increased significantly in amount of 83,48 or 23% and 81,3 or 24% respectively due to lower volume of inventory turnover.

The profitability ratios are represented by:

- ROE (Return on Equity) – basically, ROE is a key ratio for shareholders, as it measures a company`s ability to earn a return on its equity investment. As we can see, the ROE decreased significantly by 84% in 2019 compared to 2018, which is occurred due to significant increase of net profit of the Company in 2018;
- ROA (Return on Assets) – as at 2019 year the Company generates of 0,05 thousand UAH of after-tax profit per every 1 thousand UAH of assets it

holds. As well as ROE, ROA decreased significantly by 79% in 2019 due to significant increase in net profit in 2018 year;

- ROI increased insignificantly by 3% in 2019 compared to 2018;
- ROD in 2019 was lower compared to 2018 by 75%, which is occurred due to increase in administrative expenses which is affected the net result of the Company in 2019;
- ROR shows that the Company loss their profitability in 2019 by 75% compared to 2018 year;
- ROS is decreased by 74% which effects the effectiveness of the Company in 2019;
- CLR decreased by 84% in 2019 which is occurred due to lower net profit of the Company compared to 2018 year.

In general, the growth of the Company's administrative expenses in 2019 affected the worsening of the company's profitability. Such growth is affected by the implementation of the new audit program (Atlas), costs for training employees for this program, installation works of this program and growth of number of employees.

We may conclude that the Company tends to deteriorate in 2019, which is occurred due to significant growth of administrative expenses of the Company.

To analyze the human resources, we have prepared an analysis of indicators of labor efficiency of Mazars Ukraine LLC in table 2.5.

Table 2.5.

**Indicators of labor efficiency of Mazars Ukraine LLC for the period
31.12.2017 – 31.12.2019**

Indicator	2017	2018	2019	Deviations, 2018 / 2017		Deviations, 2019 / 2018	
				"+, -"	%	"+, -"	%
1	2	3	4	5	6	7	8
Number of employees, persons	76	90	112	14	18%	22	24%
Labor productivity, thousand UAH / person	645	859	928	214	33%	69	8%
Payroll, thousand UAH	19 558	25 296	37 752	5 738	29%	12 456	49%
Average monthly salary, UAH	19 800	21 400	23 650	1 600	7%	2 250	11%

Source: developed by the author based on the [Appendix B]

The average number of employees increased in 2018 by 14 person and in 2019 by 22 people. Labor productivity increased in 2018 and 2019 by 33% and 8% respectively, which indicates the effectiveness of labor organization in production.

Also, it should be noted that an increase in employees is directly related to an increase in sales, that is occurred due to increase in new customers.

The wages grew in 2018 by 29% and in 2019 by 49% due to an increase in the average monthly salary in 2018 by 29% and in 2019 by 49%. As at 31.12.2019, the average annual salary at the enterprise amounted to 28,900 UAH, while the average salary in Kyiv as of 31.12.2019 amounted to 15,000 UAH [4]. The company's policy considers the level of salary twice a year, this is due to indexation, to assess a KPI of employees, as well as the number of new customers.

Thus, the labor potential of the enterprise is used effectively, as labor productivity and wages increases from year to year.

2.2 Assessment of the economic potential of the enterprise

Nowadays, the assessment of the economic potential of the enterprise in external environment has a very important role in the activity of any organization. This is due to the modern external environment of enterprises is characterized by an extremely high degree of dynamism, complexity and uncertainty. In addition, one of the main conditions in business, as in other areas of life, is the ability of the organization to adapt to external changes in the macro environment. It is possible to add that any organization exists and functions in combination with many factors. These factors affect the organization in different ways and have a very significant impact on its capabilities, prospects and strategy. The combination of interaction factors is considered as an organizational environment in management.

To assess the external economic potential of the enterprise, which will include the marketing potential, we applied SWOT-analysis and PEST-analysis. These methods of analysis will allow us to examine in detail the company's ability to conduct its activities in the market, its threats, weaknesses, as well as political, social, cultural, economic and technological factors. An enterprise SWOT analysis is an effective tool for assessing potential and acting in accordance with them. Enterprise potential, expressed in the form of its strengths and weaknesses, it shows what favorable opportunities represents and what dangers the external environment threatens. The SWOT analysis of Mazars Ukraine LLC is represented in table 2.6.

Table 2.6.

SWOT analysis of Mazars Ukraine LLC

Internal environment	
Strengths	Weaknesses
<ol style="list-style-type: none"> 1. An international company that has been working in the field of audit services since 1945 around the world; 2. the company employs certified auditors; 3. leading positions in audit market in Ukraine; 4. work with Public interest entities; 5. formalized and developed a professional development and retraining program; 6. participation in charity events. 	<ol style="list-style-type: none"> 1. The level of the company is significantly inferior to the level of the Big Four; 2. there are no standards for providing consulting services;
External environment	
Opportunities	Threats
<ol style="list-style-type: none"> 1. Large and medium-sized enterprises in Ukraine are required a mandatory statutory audit; 2. winning tenders for auditing services in the country and abroad; 3. the range of services provided in audit companies is expanding; 4. improving the legal framework reduces the possibility the emergence of various conflicts between the client and specialists; 5. improving the quality of software for audit. 	<ol style="list-style-type: none"> 1. Very strict government regulation and pressure can reduce initiatives for the development of professional services; 2. the number of qualified specialists on the market has significantly decreased; 3. unstable economic situation due to COVID-19; 4. the increasing tendency of cyber-attacks, security threats; 5. additional Company expenses may lead to an increase in the cost of services provided or to the deterioration of the financial condition of the organization.

Source: developed by the author based on processing source [29, p. 23-26]

Considering the data of the analysis, it should be noted that currently favorable conditions are emerging for the further development of audit and consulting in

Ukraine. We can see that the trend in the audit services market is positive which is due to:

- The large and medium size companies in Ukraine are required to prepare a mandatory statutory audit of financial statements which has increased a demand on the market;
- improving the quality of software for audit makes it possible to increase the efficiency of services provided.

Also, it is worth noting that audit companies are constantly exposed to cyber-attacks that are associated with theft of corporate information. Nowadays, cyber-attacks are carried out almost every day, so this is one of the main threats for the company. We can recommend the Company to organize trainings for employees to implement the understanding and awareness of cyber-attacks, as well as phishing.

PEST analysis is used to assess the impact of external trends on the company's activities. Assessment of external factors of Mazars Ukraine LLC is described in table 2.7.

Table 2.7.

Assessment of external factors of Mazars Ukraine LLC

PEST factors	Factor influence	Value of indicator	Coefficient
Political			
Government policies on the Company's activity	2	4	0,35
Legislation changes (e.g. limitations of licensing, change in terms of mandatory statutory audits)	3	5	0,65
Unstable political situation with Russian Federation and Belarus, which may have impact on clientele	2	2	0,19

Continuation of table 2.7.

Economic			
Currency rates fluctuations	2	2	0,65
Growth of interest rates for leases (e.g. leased office premises), which impacts net income of the Company	1	1	0,04
Inflation	2	2	0,19
Social			
Changing of preferred type of communication to online format	1	2	0,09
Changing of preferences regarding workplace, which may result in lack of experience employees	2	4	0,35
Uneven age distribution among employees	1	1	0,04
Technological			
Innovation of audit software	2	4	0,26
Social Media involvement	1	1	0,04
Impact of the internet on the Company	2	2	0,19
Total	21	30	x

Source: developed by the author based on processing source [30, p. 113-119]

We have identified factors for all aspects that may have an impact on the company. After that, we determined the factor influence on the company. The strength of the influence of a factor is assessed on a scale from 1 to 3, where 1 is a small factor influence, 2 - only a significant change in the factor affects, 3 – high factor influence. Next, we estimated the likelihood of changing each factor. The probability was assessed on a 5-point scale, where 1 is the minimum the probability of the occurrence of the event in question, and 5 is the maximum probability. After describing the influencing factors and evaluating them, we assessed the significance of the factors, which is represented by the formula:

$$\text{Coefficient} = \frac{\text{Value of indicator}}{\text{Total of influence factor}} \quad (2.1)$$

The results of assessment of external environments factors of Mazars Ukraine LLC are presented in table 2.8.

Table 2.8.

PEST analysis summary table

Political	Coefficient	Economic	Coefficient
Legislation changes (e.g. limitations of licensing, change in terms of mandatory statutory audits)	0,65	Currency rates fluctuations	0,18
Government regulation on the Company`s activity	0,35	Inflation	0,17
Unstable political situation with Russian Federation and Belarus, which may have impact on clientele	0,19	Growth of interest rates for leases (e.g. leased office premises), which impacts net income of the Company	0,04

Continuation of Table 2.8.

Social		Technological	
Changing of preferences regarding workplace, which may result in lack of experience employees	0,35	Innovation in audit software	0,26
Changing of preferred type of communication to online format	0,09	Impact of the internet on the Company	0,19
Uneven age distribution among employees	0,04	Social Media involvement	0,04

Source: developed by the author based on processing source [30, p. 113-119]

From table 2.8 we can see that the greatest influence of all factors is exerted by "Legislation changes", which is occurred due to constant changes in legislation related to audit. An example of the impact on the company's activities is a change in terms of mandatory statutory audits for companies in Ukraine in 2019, which had a significant impact of business activity of Mazars Ukraine LLC. The next factors that have the most significant influence of the Company are:

- Government regulation on the Company activity – such impact is occurred since the business process of the Company is connected to the government regulations;
- changing of preferences regarding workplace, which may result in lack of experience employees - the Company has a high staff turnover, as in the market in principle;
- innovation in audit software – this factor has also a significant impact, because audit work is related to the processing and analysis of a large database. Software innovations can increase productivity of work.

To ensure the company's sustainable development, competitiveness and investment attractiveness it is necessary to ask about the adequacy of the level of financial potential and its evaluation. Modern the concept of assessing the financial

potential of the enterprise uses certain models or a set of models and methods [25, p. 105]. In our opinion, based on the need for constant monitoring of the dynamics of indicators, selected at the enterprise the technique should be simple in calculations and allow to receive the highest quality information about the current financial condition of the enterprise.

So, consider models for estimating the probability of bankruptcy. Applying these models, we will have on the purpose of determining the financial stability of the enterprise. Note that the characteristics of the financial potential of the enterprise can be provided in two ways: short-term and long-term perspectives. In the case of the long term, the characteristics for financial potential are indicators such as liquidity and solvency of the enterprise. In another case, the financial stability of the entity is considered [25, p. 105 - 108].

Given the variability of the market environment and the instability of the country's economy, it is important to regularly manage the potential and compare its current performance with the past. This is necessary for research of dynamics (positive or negative) and research of the corresponding tendency. Thus, the purpose of assessing the level of economic potential is to determine the financial stability of the enterprise and its solvency to further develop a financial management strategy.

The following method of assessing economic potential, we performed the method of Beaver W. This method will allow us to assess the financial stability of the enterprise. The financial performance system by Beaver is described in table 2.9.

Table 2.9.

The financial performance system by Beaver

Indicator	Formula	Group 1 (financial stable)	Group 2 (5 years before bankruptcy)	Group 3 (1 year before bankruptcy)
Beaver coefficient	$(\text{Net profit} + \text{Depreciation}) / (\text{Long term} + \text{current liabilities})$	0,4 – 0,17	0,17 – 0,15	<(0,15)
ROA (Return on Assets)	Net profit / Assets	6-8	4	(22)
Debt ratio	$(\text{Long term} + \text{current liabilities}) / \text{Assets}$	<0,37	<0,5	<0,8
Working capital	$(\text{Equity} - \text{non-current assets}) / \text{Assets}$	0,4	<0,3	<0,06
Current ratio	$\text{Current assets} / (\text{Long term} + \text{current liabilities})$	<3,2	<2	<1

Source: formed based on processing source [27, p. 49 - 52]

Based on the information from table 2.9, we have performed the financial performance system of the Company by W. Beaver in table 2.10.

Table 2.10.

The financial performance system of the Company

Indicator	Calculated values of indicators
Beaver coefficient	0,26
ROA (Return on Assets)	0,05

Continuation of Table 2.10.

Debt ratio	0,72
Working capital	0,07
Current ratio	1,16

Source: developed by the author based on source [27, p. 49- 52] and financial statement of Mazars Ukraine LLC (Appendix B)

Thus, based on performed procedures according to the Beaver`s financial performance system, we may conclude that the Company`s activity as at 31.12.2019 is unstable. Such disbalance may occur due to the Company`s assets as at 31.12.2019 are increased compared to 2018 year but net profit is decreased.

Also, to compare methods for assessing bankruptcy forecasting, we perform the Taffler model, which he developed based on the results of testing an earlier Altman model, as more consistent with economic realities.

Taffler`s four-factor model has the following form:

$$Z = 0,53x_1 + 0,13x_2 + 0,18x_3 + 0,16x_4, \quad (2.2)$$

where x_1 – profit before taxes / current liabilities;

x_2 – current assets / liabilities;

x_3 – current liabilities / assets;

x_4 – revenue / assets.

The calculations of indicators are described in table 2.11.

Table 2.11.

The calculation of indicators for Taffler`s four-factor model

Indicator	Calculated values of indicators
x1	0,08
x2	0,79
x3	0,68
x4	1,74
z	0,55

Source: developed by the author based on [27, p. 49 -52] and financial statement of Mazars Ukraine LLC (Appendix B)

The resulting Z value is interpreted as follows. If the Z value is greater than 0,3, this indicates that the company has a stable financial position, if it is less than 0,2, there is a significant probability of bankruptcy.

Based on performed work we may conclude that as at 31.12.2019 the Company`s financial position is stable according Taffler`s four-factor model.

PART 3. WAYS TO IMPROVE THE USE OF ECONOMIC POTENTIAL

3.1 Development of measures to improve the use of economic potential

At the enterprise accounting is conducted using the program "1C: Accounting 8.0". As an improvement of accounting automation at the enterprise, we propose to replace this program with the program "1C: Enterprise 8.3. ESHN».

The accounting department is fully responsible for accounting at the enterprise, including, for example, the extract of primary documents, payroll accounting, collecting payments from customers, etc. This application solution can also be used only for accounting and tax accounting, and the task of automating other services, such as HR, to solve specialized configurations or other systems.

The implementation of a new version of the program is associated with capital costs for its acquisition, installation, etc. Therefore, the implementation should be preceded by a feasibility study for the implementation of this program. This means that the effectiveness of the application must be calculated.

The generalized criterion of economic efficiency is the minimum labor costs.

Consider the structure of the cost of working time of the accountant to account for payments to employees to obtain accounting information in the Company when using the program "1C: Accounting 8.0" and compare it with the structure of time spent using the program "1C: Enterprise 8.3. ESHN ». This structure is determined as a result of information from the accountant`s working day in Mazars Ukraine LLC in Table 3.1.

Table 3.1.

The structure of the costs of working time of the accountant to account for payments from customers

Elements of working time	The cost of working time per day				Change		
	When using "1C: Accounting 8.0"		When using "1C: Enterprise 8.3. ESHN"		Absolute, +/-	Change, %	Growth rate, %
	Minutes	Structure, %	Minutes	Structure, %			
1. Time of the main work - total Including:	245	51%	195	41%	(50)	80%	-20%
Acceptance of primary documents and verification of their correctness	20	4%	15	3%	(5)	75%	-25%
Billing of primary documents	20	4%	20	4%	-	-	-
Preparation of primary documents for machining	45	9%	30	6%	(15)	67%	-33%
Compilation of consolidated cumulative information and transcripts	45	9%	30	6%	(15)	67%	-33%
Maintaining registers of synthetic and analytical accounting	25	5%	20	4%	(5)	80%	-20%
Reconciliation of credit turnovers according to accounting registers, maintenance of turnover data	25	5%	25	5%	-	-	-
Preparation of operational, statistical and accounting reports	35	7%	25	5%	(10)	71%	-29%
Implementation of internal control over the objects of accounting	30	6%	30	6%	-	-	-

Continuation of table 3.2.

2. Auxiliary work time - total	90	19%	115	24%	25	-72%	28%
Including							
Receipt, issuance and verification of tasks	10	2%	10	2%	-	-	-
Business conversations with employees	20	4%	20	4%	-	-	-
Business conversations on the phone	20	4%	20	4%	-	-	-
3. Time of additional work	40	8%	65	14%	25	-38%	63%
4. Breaks are regulated - in total	60	13%	60	13%	-	-	-
Including							
Lunch	60	13%	60	13%	-	-	-
5. Unregulated breaks - total	45	9%	45	9%	-	-	-
Including							
Premature exit from work	15	3%	15	3%	-	-	-
Non-work-related conversations	30	6%	30	6%	-	-	-
Total	480	100%	480	100%	-	-	-

Source: formed based on the information from the company's accountant

After analyzing this table, we can conclude that the time of the main work on accounting for payments to suppliers and customers when using the program "1C: Enterprise 8.3. ESHN" decreases by 50 minutes or 80%.

Application of the program "1C: Enterprise 8.3. ESHN" allows the Company reduce the time spent on preparation of primary documents by 15 minutes or 67%, reduction of time spent on compiling consolidated cumulative information and transcripts by 15 minutes or 67%; reduction of time spent on maintaining registers of synthetic and analytical accounting by 5 minutes or 80%; reduction of time spent on preparation and preparation of operational, statistical and accounting reports by 10 minutes or by 71%.

The cost of time for additional work increases slightly by 25 minutes or 38%.

Thus, we see that the decrease in the time of the main work affects mainly the increase in additional work, which is a positive trend.

3.2 The efficiency of using the economic potential of the enterprise for the future

To assess the efficiency of using the economic potential of the enterprise for the future we calculate the labor costs for certain types of basic accounting work to account payments from customers based on Table 3.1. As in the Company considering calculations is engaged a one accountant, labor costs for performance of accounting works in the man – hours, we find multiplication of expenses of time a day on quantity of working days a year. In 2019, excluding weekends and holidays, the accountant worked 266,7 working days.

Table 3.2.

The complexity of accounting work to account for payments to customers at the enterprise

Elements of working time	The cost of working time per day			
	When using "1C: Accounting 8.0"		When using "1C: Enterprise 8.3. ESHN"	
	Man-hour	Structure, %	Man-hour	Structure, %
Acceptance of primary documents and verification of their correctness	89	8%	67	8%
Billing of primary documents	89	8%	89	10%
Preparation of primary documents for machining	200	18%	133	15%

Continuation of Table 3.2.

Compilation of consolidated cumulative information and transcripts	200	18%	133	15%
Maintaining registers of synthetic and analytical accounting	111	10%	89	10%
Reconciliation of credit turnovers according to accounting registers, maintenance of turnover data	111	10%	111	13%
Preparation of primary documents for machining	156	14%	111	13%
Compilation of consolidated cumulative information and transcripts	133	12%	133	15%
Total	1 089	100%	867	100%

Source: formed based on the information from the company's accountant

Thus, the absolute indicator of economic efficiency is:

$$I_{ef} = I_0 - I_1 = 1089 - 867 = 222 \text{ man - hour.} \quad (3.1)$$

Where I_0 - labor costs for accounting procedures when using the program "1C: Accounting 8.0";

I_1 – labor costs for accounting procedures when applying the program “1C: Enterprise 8.3. ESHN”.

The relative index of labor productivity is equal to:

$$I_{lp} = I_1 / I_0 = (867 / 1089) * 100\% = 79\% \quad (3.2)$$

This means that for the processing of information on settlements with customers when using the program "1C: Enterprise 8.3. ESHN "compared to the existing version requires only 79% of the time. Using this indicator (I_{lp}), you can determine the relative indicator of labor cost savings:

$$I_{cs} = I_{ef} / I_0 = (222 / 1089) * 100\% = 20\%$$

(3.3)

Thus, the labor cost savings of the Company will be 20%.

Along with labor indicators, it is necessary to calculate cost indicators, i.e. to determine the cost of information processing in the basic and reporting options in monetary terms.

The cost of information processing at this level of automation is the sum of costs for the following cost items:

- On the salary of the accountant with deductions;
- Management costs;
- On the depreciation of the program and computer;
- To service the program and PC.

To begin with, consider the amount of the accountant's salary with deductions.

Accountant's salary for 2019 year per month (the amount of salary is taken from the internet due to the confidential information in the Company) was 20,200 UAH.

Management costs are 10% of the amount of the accountant's salary.

Management costs = 20,200 * 10% = 2,020 UAH.

Next, we calculate the amount of depreciation of the computer used to automate the accounting of fixed assets.

The cost of the program "1C: Accounting 8.0" amounted to UAH 15,000.0. The useful life of the program is 3 years (36 months). This program was purchased in 2013, so it is already fully depreciated.

The monthly maintenance costs of the program and PC under the contract are UAH 1,100.

The calculations are presented in table 3.3.

Table 3.3.

Economic effect of improving the accounting of settlements with customers

Indicators	When using "1C: Accounting 8.0"	When using "1C: Enterprise 8.3. ESHN"	«-» savings; «+» overspending
Number of accountants	1	1	-
Q-ty of PC, units.	1	1	-
Labor costs to perform accounting procedures, man-hours.	1089	867	(222)
Capital investments (program cost), UAH.	15000	13600	(1400)
Depreciation of PC, UAH.	986,2	986,2	0,0
Depreciation of the program, UAH.	-	377,8	377,8
Monthly maintenance costs for the program and PC, UAH.	1100	1100	-
Salary of accountant, UAH.	20200	20200	-
Management costs (10%), UAH	2,020	2,020	-
Total costs, UAH.	24306,2	24684	377,8
The relative index of labor productivity, %	-	-	79%
The relative indicator of labor cost savings, %	-	-	20%
The coefficient of increase in the cost of work, %	-	-	1,55%

Source: formed based on the information from the company's accountant

As can be seen from this table, when improving the automation of accounting settlements with buyers and customers, the absolute rate of increase in costs is:

$$R_c = R_0 - R_1 = 24306,2 \text{ UAH} - 24684 \text{ UAH} = 377,8 \text{ UAH} \quad (3.5)$$

Where R_0 - cost of automation of the accounting process when using the program "1C: Accounting 8.0";

R_1 - costs for automation of the accounting process when using the program "1C: Enterprise 8.3. ESHN".

Next, determine the coefficient of increase in the cost of work:

$$C_{cow} = R_c / R_0 = 377,8 \text{ UAH.} / \text{UAH } 24306,2 * 100 = 1,55\% \quad (3.6)$$

That is, the increase in the cost of work at the enterprise will be 1,55%.

In general, we can conclude that the application of the program "1C: Enterprise 8.3. ESHN" in comparison with the existing software product will require an additional 377,8 UAH from the company per month.

However, labor cost savings on the processing of accounting information in the implementation of the program "1C: Enterprise 8.3. ESHN" will be less and equal to 222 man-hours. per month, i.e. 20% of the total working time of the accountant. This additional time in work the accountant will be able to spend on other, more important accounting activities.

Thus, the indirect effectiveness of the implementation of this program is obvious: reducing the time of information processing, compilation of reports, improving the quality of planning and accounting and analytical work, reducing paperwork, improving culture and productivity, and so on.

The accountant's knowledge of all aspects of settlements with customers and clients, the ability to quickly navigate in any situation, making timely and correct

decisions, developing long-term development plans, control, evaluation - all this can positively affect the economic situation of the enterprise.

Thus, for the Company accounting of settlements with customers is an important component. Proper organization and control over the status of settlement operations, their documentation, their timely reflection in the accounts, ensure the stability of the turnover of the organization, strengthening its contractual and settlement discipline, as well as improving its financial condition.

CONCLUSIONS AND RECOMMENDATIONS

Mazars Ukraine LLC is a foreign invested company, the main share of the authorized capital of Mazars Ukraine LLC is owned by foreign company, namely JSC “Mazar” (France, 85%). The company provides audit, outsourcing, financial consulting, tax and legal services. Mazars is committed to ensuring that its audit and assurance services are relevant and bring value to companies and their stakeholders.

1. The structure of economic potential consists of three levels - resource, functional and strategic. Economic potential is a system of resources available to the enterprise and those that it can mobilize for needs and use to conduct effective activities. Economic potential acquires signs of dynamism, optimality and adequacy of the structure, it is subject to the law of synergy. Based on the works of various authors for the purposes of this study, the structure of economic potential is composed of financial, marketing, property, innovation potentials.

2. Assessment of the use of economic potential of the enterprise involves the study of the state of economic potential in general and its components, as well as the effectiveness of its use in the environment of the business entity. The key indicator of the use of economic potential is substantiated net profit of the enterprise.

Thus, in the second part the system of economic potential management was analyzed, namely, the general characteristic of activity is given, the basic indicators of efficiency of economic activity of the company, and a condition of management of resource potential are analyzed. The purpose of assessing the level of economic potential is to determine the financial stability of the enterprise and its solvency to further develop a financial management strategy. By determining the level of financial potential, the company can adjust its policy stabilization of financial condition and increase of financial resources.

To improve the company's profitability, we recommend:

- Passing the requirements for audit banks;
- Participation in foreign tenders for audit;
- Increase control of Company`s expenses;
- Implementing of new software for processing a large amount of data.

Evaluating the Human Resources of the Company, we can conclude that the entity is constantly growing. This trend is associated with an increase in the number of customers, as well as work with public interest entities. The Company`s policy for hiring is to recruit junior specialists who, with intensive theoretical and practical training over the course of several years, can become an experienced staff. This policy is occurred due to there is a high turnover of staff in audit, which does not allow retaining experienced staff for a long period.

When assessing the marketing potential, we can conclude that the audit services market is growing, the company occupies a leading position in the market, participates in charity events, promotes its social activities, which allows the Company to increase its income.

3. To improve the use of the economic potential of the enterprise, we have developed an assessment of the implementation of a new program for accounting operations. Based on the analysis of the implementation of the new program in the Company, we can come to the conclusion that when using the new program, the Company will be able to save a significant amount of the accountant's time for processing information, which will allow the accountant to perform more work at less time. The indirect effectiveness of the implementation of this program is obvious: reducing the time of information processing, compilation of reports, improving the quality of planning and accounting and analytical work, reducing paperwork, improving culture and productivity, and so on.

However, we can conclude that the application of the program "1C: Enterprise 8.3. ESHN" in comparison with the existing software product will require an additional 377,8 UAH from the company per month, which is immaterial due to significant amount of sales of the Company.

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APPENDICIES

Appendix A

Appendix B

**Financial statement of Mazars Ukraine LLC for the period 31.12.2017 –
31.12.2019**

Assets	Code	31.12.2017	31.12.2018	31.12.2019	Absolute deviation as at 31.12.2018	Absolute deviation as at 31.12.2019
1	2	4	5	6	7	8
I. Fixed assets						
Intangible assets:	1000	48	14	345	(34)	331
initial value	1001	130	130	901	-	771
accumulated depreciation	1002	82	116	556	34	440
Fixed assets:	1010	15 576	13 779	13 310	(1 797)	(469)
initial value	1011	21 756	23 497	26 853	1 741	3 356
depreciation	1012	6 180	9 718	13 543	3 538	3 825
Long-term receivables	1040	-	-	4 797	-	4 797
Deferred tax assets	1045	318	-	327	(318)	327
Total for Section I	1095	15 942	13 793	18 779	(2 149)	4 986
II. Current assets						
Inventories	1100	15 055	11 672	43 570	(3 383)	31 898
Accounts receivable for products, goods, works, services	1125	3 721	6 525	2 748	2 804	(3 777)
Receivables accounts:		-	-	-	-	-
for advances paid	1130	11 604	7 076	7 307	(4 528)	231
with a budget	1135	12	519	16	507	(503)
Other current receivables	1155	1 537	5 042	2 518	3 505	(2 524)
Money and cash equivalents	1165	17 457	30 521	7 378	13 064	(23 143)

Continuation of Appendix B

Prepaid expenses	1170	305	483	633	178	150
Other current assets	1190	6 047	6 490	7 550	443	1 060
Total for Section II	1195	55 738	68 328	71 720	12 590	3 392
Balance	1300	71 680	82 121	90 499	10 441	8 378

Liability	Code	31.12.2017	31.12.2018	31.12.2019
1	2	4	5	6
I. Equity				
The registered capital	1400	148	148	148
Reserve capital	1415	22	22	22
Retained earnings (uncovered loss)	1420	8 018	25 149	25 217
Total for Section I	1495	8 188	25 319	25 387
II. Long-term liabilities and ensuring		-	-	-
Other long-term liabilities	1515	-	-	3 522
Long-term ensuring	1520	3 872	6 282	-
Total for Section II	1595	3 872	6 282	3 522
III. Current liabilities and ensuring		-	-	-
Short-term bank credits	1600	-	-	-
Current accounts payable		-	-	-
for goods and services	1615	8 138	3 833	748
for payments to budget including income tax	1620	4 166	2 492	2 917
for payments of wages	1621	-	-	146
Current ensuring	1630	3 634	-	175
Other current liabilities	1660	-	-	12 954
Other current liabilities	1690	4 083	5 557	8 388
Total for Section III	1695	59 620	50 520	61 590
Balance	1900	71 680	82 121	90 499

Continuation of Appendix B

Item	Code	2017	2018	2019
Net income (revenue) from sales of products (goods and services)	2000	120 497	165 423	157 757
Cost of sales of products (goods and services)	2050	49 035	77 324	70 285
Gross:				
profit	2090	71 462	88 099	87 472
Other operating income	2120	2 128	1 219	909
Administrative expenses	2130	61 027	65 733	76 599
Selling expenses	2150	2 476	3 148	2 953
Other operating expenses	2180	2 213	1 060	4 832
Financial results of operations:				
profit	2190	7 874	19 377	3 997
Other financial income	2220	1 998	1 096	1 155
Other income	2240	226	79	186
Other expenses	2270	(1 352)	(125)	(210)
Financial results before tax:				
profit	2290	8 746	21 427	5 128
Expenses (income) income tax	2300	1 282	4 236	999
profit	2350	7 464	17 191	4 129

Appendix C

The main financial and economic performance of Mazars Ukraine LLC for the period 31.12.2017 – 31.12.2019

№	Indexes	Years		
		2017	2018	2019
		3	4	5
1	2			
1	Volume of sold products, thousand UAH	120 497	165 423	157 757
2	Cost of goods sold, thousand UAH	(49 035)	(77 324)	(70 285)
3	Net profit, thousand UAH	7 464	17 191	4 129
4	Costs per 1 UAH of sold products, thousand UAH	(0,41)	(0,47)	(0,45)
5	The value of current assets	55 738	68 328	71 720
6	The value of non-current assets	15 942	13 793	18 779
7	Cost of fixed assets, thousand UAH	6 262	9 834	14 099
8	Capital of the enterprise, thousand UAH:	71 680	82 121	90 499
9	Equity, thousand.	8 188	25 319	25 387
10	Debt, thous.	63 492	56 802	65 112