

**Kyiv National University of Trade and Economic
Department of International Management**

**FINAL QUALIFYING PAPER
on the topic:
“ORGANIZATION OF EXPORT OPERATIONS OF
ENTERPRISE”**

(on materials OF LLC “KYIV BIO KLIMAT”, Kyiv)

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on _____, _____, 20____

Task for a final qualifying paper

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1. Topic of a final qualifying paper

Organization of export operations of enterprise _____

Approved by the Rector's order from _____ November _____, 15, 2020, No. _____ 3889 _____

2. Term of submitting by a student his/her terminated paper _____

3. Initial data of the final qualifying paper

Purpose of the paper _____ of the qualifying work is to study the analysis of the organization of export operations of the enterprise "Kyiv Bio Klimat", development of recommendations of efficiency improving of organization mechanism.

Object of the research is the process of organizing export operations at the enterprise.

Subject of the research _____ is the substantiation of ways to improve the export operations of the enterprise

4. Consultants of the research and titles of subsections which were consulted:

Section	Consultant (last name and initials)	Date and signature	
		The task given	The task fulfilled

5. Contents of a final qualifying paper (project) (list of all the sections and subsections)

INTRODUCTION

Section 1. RESEARCH OF THE ORGANIZATION MECHANISM OF EXPORT OPERATIONS OF LLC “KYIV BIO KLIMAT”

1.1. Analysis of financial and economic activity of LLC “Kyiv Bio Klimat”

1.2. Analysis of foreign economic activity of LLC “Kyiv Bio Klimat”

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2.1. Justification of directions of export operations for improvement of LLC “Kyiv Bio Klimat”

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6. Time schedule of the paper

No.	Stages of a final qualifying paper (project)	Terms of a final qualifying paper (project)	
		de jure	de facto
1	Approval of the plan of a final qualifying paper (project) with scientific adviser	15.11.2019	15.11.2019
2	Getting a task for the final qualifying work, drawing up a calendar plan.	5.12.2019	5.12.2019
3	Execution of a scientific article.	20.03.2020	20.03.2020
4	Writing a final qualifying paper	1.10.2020	1.10.2020
5	Registration of paper and its registration at the department	15.10.2020	15.10.2020
6	Pre- defense of the final qualifying paper at the department.	20.10.2020	20.10.2020
7	External review of the final qualifying paper.	22.10.2020	22.10.2020
8	Submission and final qualification paper to the examination commission and defense.	1.11.2020	1.11.2020

7. Date of receiving the task 15/11/2019.

8. Scientific adviser of the final qualifying paper

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9. Head of the project team

(Manager of the educational program) _____ L. Serova _____
(last name, initials, signature)

10. The task received by the student _____ D. Lysak _____

(last name, initials, signature)

11. Resume of a scientific adviser of a final qualifying paper

Final qualifying paper of Lysak D. A. is relevant and dedicated to improvement of the organization of export operations of the enterprise

Reviewed paper consists of content, introduction, main part (2 sections), conclusions and suggestions, references and appendices.

The content of the paragraphs is fully complied with the parts' titles and the topic of final qualifying paper. Content and structure of the final qualifying paper meet the requirements and current standards for obtaining an educational master's degree.

Illustrative materials facilitate the perception of presented information and indicate persistence in the collection and processing of statistical data.

Practical significance of this final qualifying paper is proved by opportunity of using of proposed improving set of measures on the enterprise – LLC “Kyiv Bio Klimat”. Proposed recommendations will improve the exporting activity organization of the company.

Final qualifying paper is a complete independent study of current theoretical and practical aspects of organization of export operations of the enterprise. Final qualifying paper of Lysak D. A. made in full, meets the requirements and recommendations for defense with excellent mark.

Scientific adviser of a final qualifying paper _____
(last name, initials, signature)

Note about preliminary paper defence _____
(last name, initials, signature)

12. Resume about a final qualifying paper

A final qualifying paper (project) of the student _____ D. Lysak

(last name, initials)

can be admitted to defence in the Examination Board.

Head of the project team
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Head of the Department _____ T. Melnyk _____
(last name, initials, signature)
_____, _____, 20__ .

АНОТАЦІЯ

Лисак Д.А.

«Організація експортних операцій підприємства»

Менеджмент ЗЕД

КНТЕУ

Київ, 2020 рік

У випускній кваліфікаційній роботі “Організація експортних операцій підприємства” Лисак Д.А. досліджено механізм організації експортної діяльності ТОВ «Київ Біо Клімат» за допомогою існуючих методів аналізу, що дало змогу провести реальну оцінку експортної діяльності підприємства на ринку, аналіз фінансової та економічної діяльності, аналіз зовнішньоекономічної діяльності та дослідження ефективності експортної операцій ТОВ «Київ Біо Клімат»

Запропоновано комплекс заходів для покращення експортної діяльності ТОВ “Київ Біо Клімат”

ANNOTATION

The final qualification paper “Organization of export operations of enterprise” of Lysak Daryna examines the mechanism of organization of export activities of LLC “Kyiv Bio Klimat” using existing methods of analysis, which allowed a real assessment of export activities of the enterprise in the market, analysis of financial and economic activities, analysis of foreign economic activity and research on the effectiveness of export operations of LLC “Kyiv Bio Klimat”.

A set of measures to improve the export activities of LLC “Kyiv Bio Klimat” is proposed.

SUMMARY
TO THE FINAL QUALIFYING PAPER
“The organization of export operations of enterprise”
(on materials OF LLC “KYIV BIO KLIMAT”, Kyiv)

Final qualifying paper: - 81 p., Illustrations -10, Tables - 21, appendices - 4, references -

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The object of investigation of study is the process of organizing export operations at the enterprise.

The subject of investigation is the substantiation of ways to improve the export operations of the enterprise.

Enterprise that is a basis of final qualifying paper is LLC “Kyiv Bio Klimat”

The purpose of the final qualifying paper is to study the analysis of the organization of export operations of the enterprise “Kyiv Bio Klimat”, development of recommendations of efficiency improving of organization mechanism.

The tasks of the final qualifying paper are:

- To make an analysis of financial, economic activity of the enterprise;
- To make an analysis of foreign economic activity of the enterprise;
- To make a research on the effectiveness of organization mechanism of export operations of the enterprise;
- To determine the expediency of organization mechanism of export activity improvement;
- To suggest the measures to improve the efficiency of organization of export activity of the enterprise;
- To evaluate of the effectiveness of the proposed measures for the enterprise.

Methods of investigation: induction and deduction, methods of analysis and synthesis; statistical methods; tabular and graphical, index, relative values of structures and dynamics, average price method, ranking and analysis.

In the introduction to the final qualifying paper the current situation and actuality and value of chosen topic are explained; the object of research, subject of research,

significance and aim are defined. Main tasks of this diploma paper are explained. Described the main methodological instruments used in the paper.

In the first part of final qualifying paper general information about LLC “Kyiv Bio Klimat”, analysis of the financial, economic and foreign economic activity of enterprise is described. The financial indicators of company’s operational activity examined.

In the second part of the final qualifying paper “The improvement of the management of the export activity of LLC “Kyiv Bio Klimat” the reserves for improvement are defined. The measures for improvement are proposed. Forecast of financial result after conducting export activity on a new basis is calculated.

Conclusions and recommendations contain the generalization of the result of this paper. There is brief presentation of the results of the research. There is shortly defined the most important theoretical positions that contain the formulation of the problem, and results of measures for its solution. The results of the whole diploma paper are summarized.

Plan

ORGANIZATION OF EXPORT OPERATIONS OF ENTERPRISE

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INTRODUCTION

The topicality of this topic is due to the fact that in conditions of growing competition and unstable economic environment foreign economic activity plays a significant role in improving the efficiency of enterprise management.

The development of foreign economic activity of enterprises in modern economic conditions is one of the priority areas, because it is the export and import of products that allows them to reach a qualitatively new level of functioning and increase the efficiency of their activities.

The development of export potential plays a strategic role in improving the activities of enterprises and becomes a tool to enhance the existing and potential competitive advantages of microeconomics.

The tasks of the final qualifying paper are:

- To make an analysis of financial, economic of the enterprise;
- To make an analysis of foreign economic activities of the enterprise
- To make a research on the effectiveness of organization mechanism of export operations of the enterprise;
- To determine the expediency of organization mechanism of export activity improvement;
- To suggest the measures to improve the efficiency of organization of export activity of the enterprise
- To evaluate of the effectiveness of the proposed measures for the enterprise.

The purpose of the research is to study the analysis of the organization of export operations of the enterprise “Kyiv Bio Klimat”, development of recommendations of efficiency improving of organization mechanism.

The object of the research is the process of organizing export activities at the enterprise.

The subject of the research is the substantiation of ways to improve the export operations of the enterprise.

The methods were used in writing the final qualifying paper: induction and deduction, methods of analysis and synthesis; statistical methods; tabular and graphical, index, relative values of structures and dynamics, ranking and analysis.

The information base, which ensures the representativeness of the initial data, reliability, reliability and accuracy of conclusions, recommendations and proposals were the annual financial statements of LLC “Kyiv Bio Klimat”, analytical and statistical data of the studied enterprise, internal regulations and normative documents governing the activities of structural units.

Scientific novelty: the proposed algorithm for analysis and evaluation of foreign economic activity will allow to make management decisions to improve foreign economic activity.

Information on approbation of research results. The result of the final qualifying paper is presented in the article ”Organisation of the export activity of the enterprise”.

Practical significance of the final qualifying paper: this study will objectively assess the degree of influence of external factors on the efficiency of foreign economic activity and the enterprise. Also, the results of the paper can be used by the enterprise to develop export potential and solve the problem of assessing the foreign economic potential of the agricultural enterprise.

Structure and scope of the final qualifying paper. The final qualifying paper consists of an introduction, two sections, conclusions, 3 annexes. The total number of pages of the final qualifying paper is 81 pages, illustrations -10, tables - 21, appendices - 4, references – 32.

SECTION 1.

SECTION 1. RESEARCH OF THE ORGANIZATION MECHANISM OF EXPORT OPERATIONS OF LLC “KYIV BIO KLIMAT”

1.1. Analysis of financial and economic activity of LLC “Kyiv Bio Klimat”

LLC “Kyiv Bio Klimat” offers a wide range of high-quality, reliable, health and environmentally friendly climatic equipment. Quality assurance of HVAC (Heating, Ventilation, & Air Conditioning) equipment and responsibility to the consumer are the basic principles of work.

The company sells domestic air conditioners and industrial air conditioning systems, filter systems, diagnostic equipment, repair equipment, compressor equipment and cooling systems, accessories for climatic equipment, purifiers, dehumidifiers, humidifiers, heat pumps, ventilation systems and other equipment and tools also provides services such as installation, cleansing, disinfection and maintain as we can see in Fig.1.1.1

The company employs highly qualified specialists who regularly improve their professional training.

The company provides a full range of services related to the design, sale, installation and maintenance of climatic and ventilation equipment for premises and residential, commercial and industrial facilities.

The main principle is the "turnkey" principle: from project creation to delivery, installation and warranty and post-warranty service.[19]

LLC “Kyiv Bio Klimat” is engaged in the supply, installation and subsequent maintenance of various climatic equipment. The main office is located in Kiev and it acts as a center for the provision of specialized services and a source where you can buy air conditioning. But it is possible to use the company's service in Ukraine and the company is also an exporter to European countries. The company was founded in 2015.

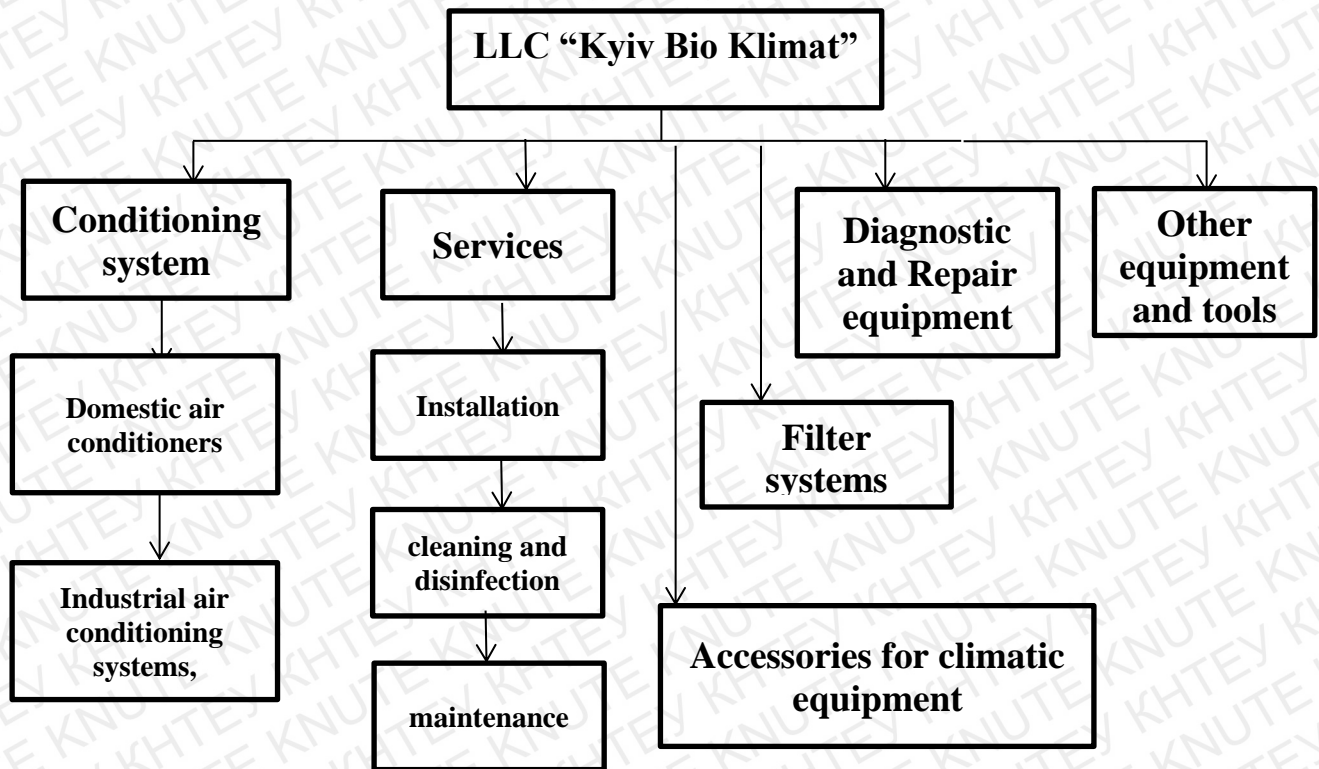


Fig. 1.1.1 Structure of products of LLC "Kyiv Bio Klimat"

Source : Made by author based on [13].

The company offers air conditioners with installation in Kiev and Ukraine of any type and capacity. It works both with private customers and at large facilities where detailed calculations, design and multi-stage installation are required. Starting from the selection of the necessary equipment to putting it into operation.

LLC "Kyiv Bio Klimat" offer a full range of specialized services:

- Installation of household split systems.
- Installation of a wall-mounted air conditioner.
- Installation of a multi-split system.
- Installation of multi-zone air conditioning systems.
- Installation of a cassette air conditioner.
- Installation of channel air conditioners.

According to the purpose of the object, the company offers the following types of work:

- installation of an air conditioner in an apartment;
- installation of ventilation systems in a private house;

- installation of an air conditioner in the office;
- installation of an air conditioner in a store;
- installation of air conditioning systems for industrial buildings;
- installation of an air conditioner in the server room and data center

The company also provides service for air conditioners

Regular or one-time maintenance of air conditioners in Kiev includes a set of various works. They diagnose the operation of the device, analyze the parameters of the freon circuit and electronics. If there are errors or non-standard indicators, the craftsmen study the need for repair.

In most cases, service work includes:

- cleaning the body of the outdoor and indoor units;
- cleaning the fan impeller of the indoor unit;
- cleaning the drainage system;
- disinfection of surfaces from the possible presence of fungi and microorganisms;
- measuring the working pressure in the system;
- refueling with freon in operational volumes;
- elimination of pollution of filters of the indoor unit;
- cleaning the heat exchanger of the outdoor unit;
- control of the operation of the electronic control board;
- checking the fastening of the outdoor unit of the air conditioner.

Their specialists carry out the following types of work:

- split systems service;
- maintenance of mobile air conditioners;
- maintenance of window air conditioners;
- service of commercial climate systems.[18]

If necessary, they carry out refueling with freon. When working, they use professional equipment and high-quality components and refrigerants.

Table 1.1.1

Dynamics of financial results of LLC “Kyiv Bio Klimat”, 2015-2019

(thousand UAH)

Indicator	Year					Rate of increase, %			
	2015	2016	2017	2018	2019	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Net income from sale of products (goods, works, services)	45789,5	78025,6	92215,3	105890,0	125068,0	170,4	118,2	114,8	118,1
Cost of products (goods, works, services) for sales	38005,3	65220,8	77483,9	87867,5	101334,0	171,6	118,8	113,4	115,3
Gross profit	7784,2	12804,8	14731,4	18022,5	23734,0	164,5	115,0	122,3	131,7
Financial results before taxation	5927,7	9812,8	6354,4	7135,5	11060,5	165,5	64,8	112,3	155,0
Net financial result: profit (loss)	4860,7	8046,5	5210,6	5851,1	9069,6	165,5	64,8	112,3	155,0

Source : Made by author based on [13; 14; 15; 16;17; Appendix B]

Analyzing the financial results from Table 1.1.1, we can see that net income from sale of products has been growing since 2015 and in 2019 has the level of increase – 18,1% and amounted to 125 million UAH. Gross profit has also a positive trend, and in 2019 has the level of increase - 31,7% and amounted to 23,7 million UAH.

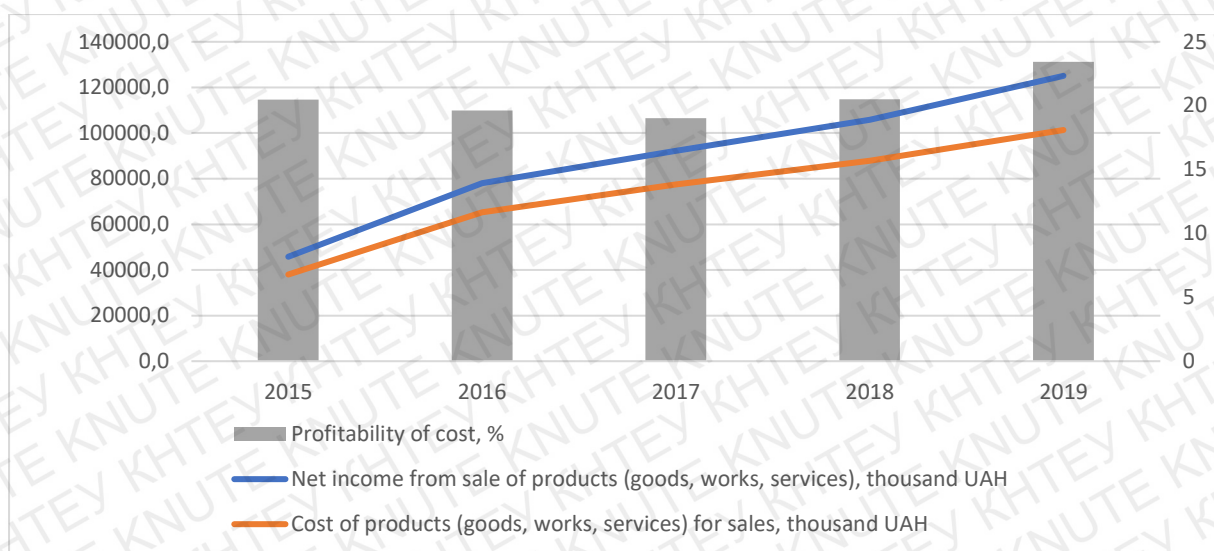


Fig. 1.1.2. Dynamic of main pillars of economic activity of LLC "Kyiv Bio Klimat", 2015 -2019

Source : Made by author based on: appendix B and table.1.1.1

We can see the dynamics of financial results in Fig. 1.1.2. There was an increase in net income from sale of products and cost of products for 5 years and we can see the big increase in 2019 compare with 2015. At the same time the entity had the increase in profitability of cost from 20,48% in 2015 to 23.42% in 2019 (Fig. 1.1.2).

There was a positive trend that in 2017 the rate of inventory turnover increased compared to 2016 by 21.52, i.e. the company became more efficient in using its limited resources. The Table 1.1.2 shows that in 2019 for each 1 UAH of borrowed funds were sold goods worth 5 UAH. The results show that the policy of receivables management is stable, as the indicators increase in three years. The maturity of receivables in 2019 was 29.5 days.

Analyzing the table, the company effectively manages accounts payable, because the period of debt repayment is possible on average 3 days. It is worth noting that the company is able to fully finance its debtors through creditors, which has a positive effect on liquidity and financial condition.

Table 1.1.2

Indicators of business activity of LLC “Kyiv Bio Klimat”, 2015 -2019

Indicator	Calculation formula	Year					Absolute deviation			
		2015	2016	2017	2018	2019	2016/2015	2017/2016	2018/2017	2019/2018
Inventory turnover ratio	Cost of production / Average annual cost of stocks	77,01	70,81	92,32	81,62	81,11	-6,21	21,52	-10,70	-0,51
Receivables turnover	Revenue / Average annual amount of receivables	37,24	92,16	151,18	178,45	124,36	54,92	59,02	27,26	-54,09
Accounts payable turnover	Cost / Average annual amount of accounts payable	3,48	2,84	3,77	3,95	4,14	-0,64	0,93	0,18	0,19

Source : Made by author based on: appendix A,B

At the enterprise (Table 1.1.3), the absolute liquidity ratio is higher than the norm, which indicates that the company will be able to repay debts in a timely manner if the payment period comes soon. Values above the norm may also indicate problems in the company and indicate an ineffective strategy of financial resources management.

Table 1.1.3

Liquidity and solvency ratios of LLC “Kyiv Bio Klimat”, 2015 -2019

Indicator	Calculation formula	On 31/12					Absolute deviation			
		2015	2016	2017	2018	2019	2016/2015	2017/2016	2018/2017	2019/2018
Absolute liquidity ratio	(Cash + current financial investments) / Current liabilities	0,05	0,03	0,03	0,03	0,02	-0,02	0,00	0,00	-0,01
Coverage ratio	Current assets / current liabilities	0,24	0,17	0,16	0,18	0,19	-0,07	-0,01	0,02	0,02
Liquidity solvency ratio	(Current assets + prepaid expenses) / (long-term liabilities + current liabilities + deferred income)	0,12	0,04	0,04	0,50	0,55	-0,08	0,00	0,46	0,05
Critical liquidity ratio	(Current assets - inventories - work in progress) / current liabilities	0,20	0,13	0,12	0,13	0,15	-0,07	-0,01	0,01	0,01

Source : Made by author based on: appendix A,B

The coverage ratio corresponds to the normative value indicates a normal state of solvency, because current assets are enough to meet current liabilities. That is, at the end of 2019 the company has 3 UAH for every UAH of current liabilities. On the positive side, compared to 2018, the figure has increased.

The liquidity solvency ratio is less than one, which indicates a large number of current and long-term liabilities in the balance sheet of the enterprise. However, analyzing the dynamics of the indicator, it decreased in 2019, which is a negative phenomenon.

The critical liquidity ratio at the enterprise is above the normative value, ie the assets are highly liquid, and therefore, current assets are used efficiently, which leads to an increase in profitability

Table 1.1.4

Indicators of financial stability LLC “Kyiv Bio Klimat”, 2015 -2019

Indicator	Calculation formula	On 31/12					Absolute deviation			
		2015	2016	2017	2018	2019	2016/2015	2017/2016	2018/2017	2019/2018
The indicator of financial viability	(Equity + Long-term liabilities) / Amount of liabilities	0,14	0,09	0,09	0,09	0,09	-0,05	0,00	0,01	-0,01
The indicator of financial autonomy	Equity / Amount of liabilities	0,14	0,09	0,09	0,09	0,09	-0,05	0,00	0,01	-0,01
The indicator of financial stability	Equity / (Short-term bank loans)	12,86	15,35	3,47	18,06	4,06	2,49	-11,88	14,59	-14,00

Source : Made by author based on: appendix A,B

The indicator of financial viability in Table 1.1.4 has a stable value for 5 years and is within the normative value. In 2019, 90% of the company's assets are financed by fixed capital and long-term liabilities.

The indicator of financial autonomy was below the norm (> 0.5 for SG enterprises). We see that during the period of analysis the company was able to finance all its short-term liability.

The indicator of financial stability is more than the normative value (> 1 for SG enterprises). This indicates a low level of financial risks. The trend shows that the financial stability of the enterprise in 2017 decreased, and in 2018 increased by 14.59%. In 2019, for every 1 UAH of the company's liabilities, there will be 0.9 UAH of equity. As in the case of the indicator of financial autonomy to increase the value of the indicator it is necessary to attract funds from owners or investors, reinvest profits in the work of the company, etc.

Main profitability indicators are shown in the Table 1.1.5. According to the data the entity has the tendency of improving of the return on assets and return on equity. Despite of return indicators increasing the product profitability decreased in 2018 up to 5.53%. It is necessary to notify that each 100 UAH of net income gained 7.25 UAH of the net profit in 2019.

Table 1.1.5.

Profitability indicators LLC "Kyiv Bio Klimat" 2015 -2019

Indicator	Calculation formula	Year					Absolute deviation, +/-			
		2015	2016	2017	2018	2019	2016/2015	2017/2016	2018/2017	2019/2018
Return on assets	Net profit (loss) / Average annual value of assets	0,37	0,31	0,22	0,23	0,32	-0,06	-0,09	0,01	0,10
Return on equity	Net profit (loss) / Average annual amount of equity	3,15	3,88	2,78	2,70	4,07	0,73	-1,10	-0,08	1,37
Product profitability ratio	Net profit (loss) / Net sales income * 100	10,62	10,31	5,65	5,53	7,25	-0,30	-4,66	-0,12	1,73

Source : Made by author based on: appendix A,B

If in 2018 the company received 0.23 UAH of net profit for each invested UAH of assets, in 2019 - 0.32 UAH. Given the fact that the company's net profit has almost doubled, we can say about the good performance of the company during 2018-2019.

The return on equity of the company in 2019 increased by 1.37, compared to 2018. For each UAH of equity attracted, the company received 4.07 UAH of net profit. The efficiency of the use of equity is appropriate. The profitability of net profit

has been decreased since 2015. In 2019 it increased by 1.73. Each 100 UAH of sales in 2019 brought the company 7.25 UAH of net profit.

In sum, LLC “Kyiv Bio Klimat” offers a wide range of high-quality, reliable, health and environmentally friendly climatic equipment. Quality assurance of HVAC (Heating, Ventilation, & Air Conditioning) equipment and responsibility to the consumer are the basic principles of work.

The company sells domestic air conditioners and industrial air conditioning systems, filter systems, diagnostic equipment, repair equipment, compressor equipment and cooling systems, accessories for climatic equipment, purifiers, dehumidifiers, humidifiers, heat pumps, ventilation systems and other equipment and tools also provides services such as installation, cleansing, disinfection and maintain as we can see in Fig.1.1.1

Net income from sale of products is growing every year and in 2016 has the largest increase and in 2019 has increase – 13,4% and amounted to 76 million UAH. Gross profit has also a positive trend, but in 2019 has the smallest increase by 2,9% and amounted to 19, 3 million UAH. In 2017, the company had a net loss of 1,6 million UAH, respectively, in other years had a profit and in 2018 net profit increased on 1,6 million UAH and in 2019 increased by 281,1% and amounted to 362 million UAH.

The biggest profitability of cost 39% is in 2017 and 2018 and in 2019 it decreased till 33,9 %.

According to the results of calculations, we can say that LLC “Kyiv Bio Klimat” effectively uses its limited resources. The results show that the receivables management policy is stable. The company is able to fully finance its debtors through creditors. Also will be able to repay debts in a timely manner if the payment deadline comes soon

The company has a normal state of solvency, because current assets are enough to meet current liabilities. And the assets are highly liquid. In 2019, 90% of the company's assets are financed by fixed capital and long-term liabilities.

But it also has negative results: the company is able to finance only 40% of assets through equity and low profitability.

To increase financial autonomy and stability, it is necessary to attract funds from owners or investors, reinvest profits in the company's work, etc.

1.2. Analysis of foreign economic activity of LLC “Kyiv Bio Klimat”

LLC “Kyiv Bio Klimat” is engaged in foreign economic activity, namely exports Accessories for climatic equipment, Filter systems, Diagnostic equipment, Repair equipment, Compressor equipment and cooling systems, other equipment and tools to European countries. And the company has a great potential for developing export activity because the company has an increase of export last 5 years as we can see in Table 1.2.1.

Table 1.2.1

Dynamics of the export indicator for the LLC “Kyiv Bio Klimat”, 2015-2019

N i/o	Indexes	Year					Analysis			
		2015	2016	2017	2018	2019	Absolute deviation, +/-			
							2016/2015	2017/2016	2018/2017	2018/2019
1	Net income from sale (export), thousand UAH	9812,1	14915,2	16774,9	18753,3	21259,3	5103,1	1859,7	1978,4	2506,0
2	Total cost (production), thousand UAH	6377,8	10009,6	11071,4	12521,6	13201,9	3631,7	1061,8	1450,1	680,4
3	Total export costs, thousand UAH	1977,1	2802,7	3100,0	3506,0	3696,5	825,5	297,3	406,0	190,5
3.1	Transportation costs to the border, thousand UAH	810,6	1149,1	1271,0	1437,5	1515,6	338,5	121,9	166,5	78,1
3.2	Insurance costs, thousand UAH	672,2	952,9	1054,0	1192,1	1256,8	280,7	101,1	138,1	64,8
3.3	Cost of loading, thousand UAH	494,3	700,7	775,0	876,5	924,1	206,4	74,3	101,5	47,6
4	Financial result, thousand UAH	3434,2	4905,6	5703,5	6231,7	8057,4	1471,4	797,9	528,3	1825,6

Source: Made by author based on [13; 14; 15; 16;17;]

There is an increase in all indexes for the period 2015-2019. The biggest increase of net income from export was in 2016 5,1 million UAH and in 2019 it is 21,3 million UAH that is more on 2,5 million UAH than in 2018. Total cost also has

the biggest increase in 2016 and has comparing insignificant increase on 680 thousands UAH in 2019 and amounted 13,2 million UAH. After calculation income and all export expenses from Table 1.2.1 The financial result has positive tendency every year from 3,4 million UAH in 2015 till 8,1 million UAH in 2019 and has the biggest increase in 2019 on 1,8 million UAH than the previous year.

LLC “Kyiv Bio Klimat” export destinations currently cover 11 countries.

Table 1.2.2.

**Dynamics of geographical structure of export of LLC“Kyiv Bio Klimat”,
2015-2019**

(thousand UAH)

N i/o	Countries	Year					Analysis			
		2015	2016	2017	2018	2019	Rate of Increase, %			
							2016/2015	2017/2016	2018/2017	2019/2018
1	Latvia	2453,0	3877,9	4697,0	5438,4	6 495,8	58,1	21,1	15,8	19,4
2	Poland	1471,8	2320,1	2648,6	2961,1	4 013,8	57,6	14,2	11,8	35,5
3	Czech Republic	883,1	1491,4	1677,5	2081,6	2 657,4	68,9	12,5	24,1	27,7
4	Others	5004,2	7225,8	7751,9	8272,1	8 092,3	44,4	7,3	6,7	-2,2
5	Total	9812,1	14915,2	16774,9	18753,3	21259,3	52,0	12,5	11,8	13,4

Source: Made by author based on [13; 14; 15; 16;17;]

Thus, for the period 2015-2019 there are 3 countries-leaders of export destination and the largest export to Latvia (Table. 1.2.2 and Fig.1.2.1) – 30,6% in 2019 (more on 19,4 % than in 2018). The second place is Poland 18,9% more than the previous year on 35,5% . And Czech Republic has 12,5% from all export in 2019 that on 27,7% more than in 2018.

There is an increase in all countries from 2015 till 2019 and the biggest increase of export for 5 years period has Czech Republic 200,9%.

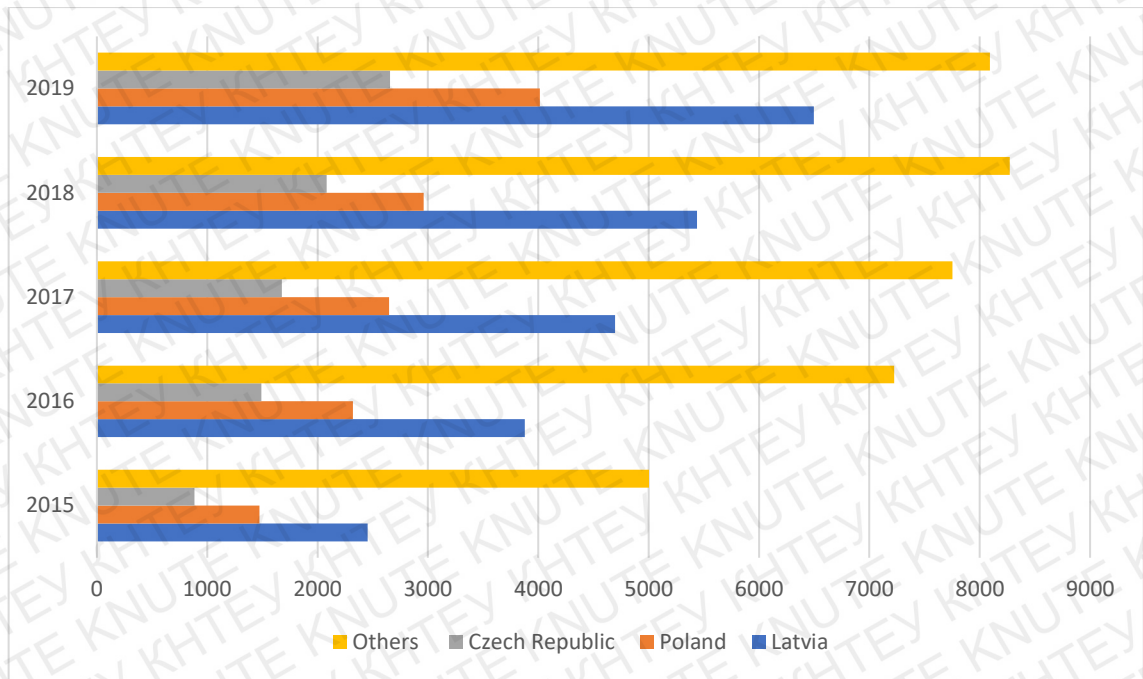


Fig. 1.2.1 Dynamics of the geographical structure of exports of LLC “Kyiv Bio Klimat”, 2015-2019 (thousand UAH)

Source : Made by author based on: [13; 14; 15; 16;17;]

Analyzing the ratio of internal and external sales in fig.1.2.2, we see that the share of exports over the past 5 years has grown. In 2019 and 2018, export revenue is 28% of total revenue, which is 1 percentage point more than in 2015.

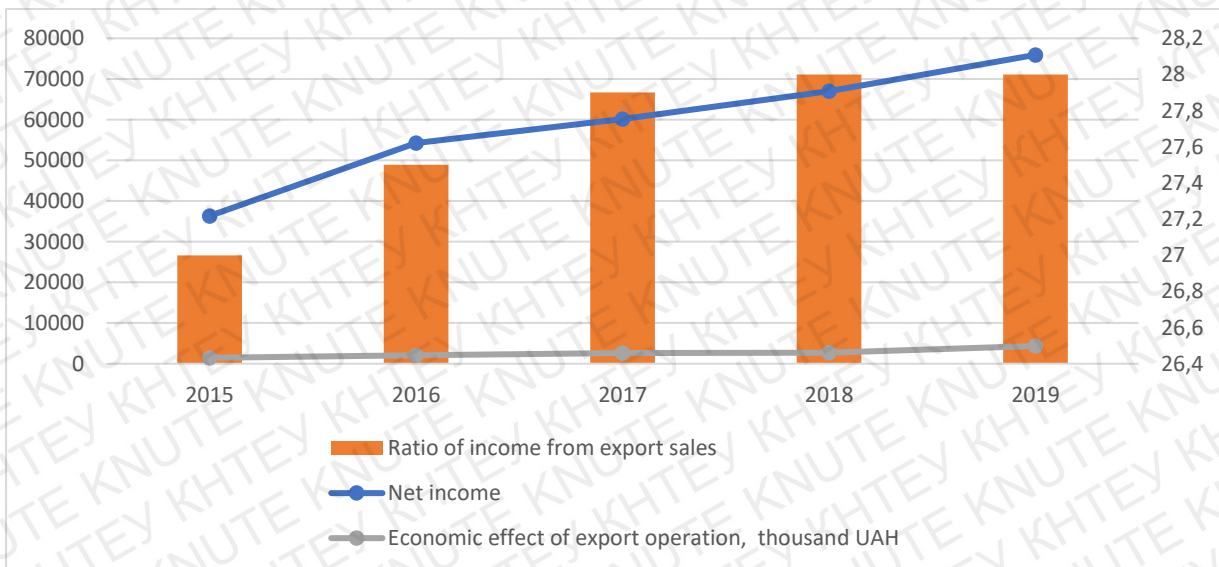


Fig. 1.2.2. Dynamics of the ratio of income of LLC “Kyiv Bio Klimat” from domestic and foreign sales, 2015-2019

Source: Made by author based on entity materials

Table 1.2.3

Dynamics of the commodity structure of exports of LLC“Kyiv Bio Klimat”, 2015-2019

(thousand UAH)

N i/o	Comodity	Year					Analysis			
		2015	2016	2017	2018	2019	Rate of Increase, %			
							2016/2015	2017/2016	2018/2017	2018/2019
1	Accessories for climatic equipment	981,2	1524,3	1733,3	1979,4	2229,5	55,4	13,7	14,2	12,6
2	Filter systems	785,0	1175,3	1358,8	1544,2	1818,7	49,7	15,6	13,7	17,8
3	Diagnostic equipment	392,5	618,1	704,5	797,0	931,2	57,5	14,0	13,1	16,8
4	Repair equipment	1962,4	3166,5	3749,2	4609,6	5504,0	61,4	18,4	22,9	19,4
5	Compressor equipment and cooling systems	3434,2	5239,0	5910,6	6630,4	7537,7	52,6	12,8	12,2	13,7
6	Other equipment and tools	2256,8	3192,0	3318,4	3192,7	3238,2	41,4	4,0	-3,8	1,4
7	Total	9812,1	14915,2	16774,9	18753,3	21259,3	52,0	12,5	11,8	13,4

Source : Made by author based on [13; 14; 15; 16;17;]

LLC “Kyiv Bio Klimat” exports the most Compressor equipment and cooling systems (Table 1.2.3) – 7,5 million UAH in 2019, which is more on 13,7% than in 2018. There is an increase every year of period from 2015 till 2019 in every commodity except other equipment and tools in 2018 has a decrease on 3,8%. The biggest increase every commodity has in 2016. The second commodity is repair equipment with export on 5,5 million UAH in 2019 that on 19,4% more than in 2018.

According to the structure in fig. 1.2.3 the company exports the most Compressor equipment and cooling systems - 35% in 2019. The structure didn't change significantly for the period of 2015-2019. The second commodity is repair equipment – 26%. Next is Accessories for climatic equipment with 11%.

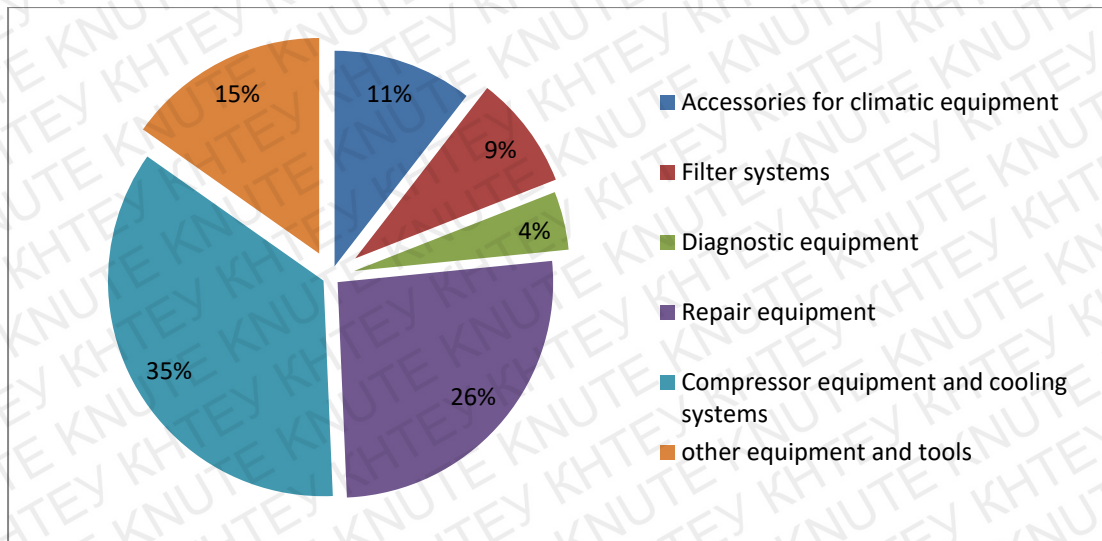


Fig. 1.2.3. The commodity structure of exports of LLC "Kyiv Bio Klimat" for 2019, %

Source : Made by author based on [13; 14; 15; 16;17;]

To calculate the level of export opportunities it is needed to estimate the system of weighted pillars that are calculated is used by multiplying each evaluation subsystem by its importance [9]. The sum of the scores for all the subsystems gives an overall estimate of the level utilizing the export potential of the enterprise to be increase as you get closer to 1000 points (Table 1.2.4).

Table 1.2.4

Matrix of significance of elements of the export of LLC "Kyiv Bio Klimat" (on 1/12/2020)

Stages of life cycle	Elements of a complex system of marketing potential								
	System supply activities			Level system sales management			Support system marketing activities		
	Information subsystem software	Personnel subsystem software	Commodity subsystem software	The programming subsystem	Organization subsystem marketing activities	Control subsystem and coordination	Marketing subsystem mediated communications influence	Marketing subsystem communications direct influence	The service subsystem sales support
Formation	30	10	5	10	5	5	25	5	5
Growth	10	15	15	15	15	10	10	10	10
Deceleration	5	5	10	10	10	15	15	15	15
Stabilization	5	5	10	10	10	15	15	15	15
Decline	5	5	5	5	10	15	15	20	20

Source: developed by the author based on the financial statements of the enterprise

In accordance with the information of the Table 2.4 the minimum rating is 1, the maximum rating is 10.

Table 1.2.5

Assessment of the level of the export opportunities utilization enterprises at LLC "Kyiv Bio Klimat "

Supply potential subsystems	Rating using	Significance items marketing potential	Weighed rating
Information support subsystem	6	10	60
Personnel subsystem	7	15	105
Commodity subsystem	6	15	90
Programming subsystem	6	15	90
Marketing subsystem	8	15	120
Control and coordination subsystem	9	10	90
Marketing communications subsystem indirect influence	9	10	90
Marketing communications subsystem direct influence	9	10	90
Sales Support Subsystem	8	10	80
Overall assessment of the use of the sales potential of the enterprise			815

Source: developed by the author based on the financial statements of the enterprise

Analyzing table 1.2.5 can be concluded that the company uses its export potential by 81.5%. The problem areas are the software subsystem, the subsystem of commodity support and information support. All of these indicators are internal. The reason for the imperfection of these indicators is the restructuring of the domestic market and the establishment of new types of cooperation.

So, despite the difficult political and economic situation in the country, LLC "Kyiv Bio Klimat" continues to develop. Net income from export 2019 was 21,3 million UAH that is more on 2,5 million UAH than in 2018. Total cost has comparing insignificant increase on 680 thousand UAH in 2019 and amounted 13,2 million UAH.

After calculation income and all export expenses from the financial result has positive tendency every year from 3,4 million UAH in 2015 till 8,1 million UAH in 2019.

LLC “Kyiv Bio Klimat” export destinations currently cover 11 countries. There are 3 countries-leaders of export destination and the largest export to Latvia – 30,6% in 2019 (more on 19,4 % than in 2018). The second place is Poland 18,9% more than the previous year on 35,5% . And Czech Republic has 12,5% from all export in 2019 that on 27,7% more than in 2018.

Analyzing the ratio of internal and external sales, we see that the share of exports over the past 5 years has grown. In 2019 and 2018, export revenue is 28% of total revenue, which is 1 percentage point. more than in 2015.

The company exports the most Compressor equipment and cooling systems - 35% in 2019 (7,5 million UAH). The structure didn't change significantly for the period of 2015-2019. The second commodity is repair equipment – 26% (5,5 million UAH). Next is Accessories for climatic equipment with 11%. There is an increase every year of period from 2015 till 2019 of export of all commodity.

LLC “Kyiv Bio Klimat” uses its export potential by 81.5%. The problem areas are the software subsystem, the subsystem of commodity support and information support. All of these indicators are internal. The reason for the imperfection of these indicators is the restructuring of the domestic market and the establishment of new types of cooperation.

1.3. Research on the effectiveness of organization mechanism of export operations of LLC “Kyiv Bio Klimat”

Efficiency of economic activity is one of the economic categories, which serves as a basis for selection and implementation of alternative economic development of the enterprise, determines the feasibility of innovation and investment projects, creation of new products and services, development and implementation of new equipment, implementation of measures to improve organization and management production, etc. The efficiency of export-import operations allows to determine the ratio of the obtained economic effect (result) and resource costs (factors) that led to the achievement of such an effect.

To determine the effectiveness of foreign economic activity of the enterprise we need to calculate the following indicators.

Table 1.3.1

Dynamics of the export indicators of the LLC "Kyiv Bio Klimat", 2015-2019

N i/o	Indexes	Year					Analysis			
		2015	2016	2017	2018	2019	Absolute deviation, +/-			
							2016/2015	2017/2016	2018/2017	2018/2019
1	Net income from sale (export), thousand UAH	9812,1	14915,2	16774,9	18753,3	21259,3	5103,1	1859,7	1978,4	2506,0
2	Total cost (production), thousand UAH	6377,8	10009,6	11071,4	12521,6	13201,9	3631,7	1061,8	1450,1	680,4
3	Total export costs, thousand UAH	1977,1	2802,7	3100,0	3506,0	3696,5	825,5	297,3	406,0	190,5
3.1	Transportation costs to the border, thousand UAH	810,6	1149,1	1271,0	1437,5	1515,6	338,5	121,9	166,5	78,1
3.2	Insurance costs, thousand UAH	672,2	952,9	1054,0	1192,1	1256,8	280,7	101,1	138,1	64,8
3.3	Cost of loading, thousand UAH	494,3	700,7	775,0	876,5	924,1	206,4	74,3	101,5	47,6
4	Financial result, thousand UAH	3434,2	4905,6	5703,5	6231,7	8057,4	1471,4	797,9	528,3	1825,6
5	Economic effect of export operation, thousand UAH	1457,1	2102,9	2603,5	2725,7	4360,8	645,8	500,5	122,2	1635,1
6	Efficiency ratio									
6.1	Profitability of sale, %	14,9	14,1	15,5	14,5	20,5	-0,8	1,4	-1,0	6,0
6.2	Profitability of total cost, %	17,4	16,4	18,4	17,0	25,8	-1,0	2,0	-1,4	8,8

Source: Made by author based on [13; 14; 15; 16;17;]

According to the table 1.3.1 economic effect of export operations is increasing every year and in 2019 it is 4,4 million UAH that on 1,6 million UAH more than in the previous year. The tendency of dynamics of profitability of sales and total cost are similar, there is a decrease in 2016 and 2018, an increase in 2017 and 2019, so we can

say that the enterprise has good profitability of sale 6% and profitability of total cost 8,8 %.

Now research the factors that affect export performance on LLC “Kyiv Bio Klimat”

The dynamics of export of goods means the development of exports in the reporting year compared to the previous or earlier period. The analysis of export dynamics reveals changes in the value and volume of exports of goods at unchanged prices and prices for purchased goods in the reporting year compared with the previous or more previous year and changes that have taken place during this time in the quantitative and value structure of exports. Exports, physical volume and price indices are calculated for this purpose.

$$I_{cost} = \frac{\sum p_1 * q_1}{\sum p_0 * q_0} \quad (1.2)$$

where p_1 , p_0 - price, q_1 , q_0 - quantity

The cost index shows how (how many times) the volume of activity this year has changed compared to the baseline.

$$I_{price} = \frac{\sum p_1 * q_1}{\sum p_0 * q_1} \quad (1.3)$$

The price index shows how many times the volume of activity of an enterprise has changed in the reporting period compared to the basic one due to the change in prices.

$$I_{volume} = \frac{\sum p_1 * q_0}{\sum p_0 * q_0} \quad (1.4)$$

The physical volume index shows how many times this year's activity volumes have changed compared to the baseline ones, under the influence of the physical volume factor. Import data for the years studied are grouped by goods in the analytical tables.

These indices will show to what extent and where the value and volume of exports have changed. According to the table 1.2.1 and the diagram of commodity structure of exports (Fig. 1.2.1), we determine the tendency of export development of a group of goods (as a result) by value.

Let's find out how the volume of exports changed at constant prices (physical volume). Let's determine the extent to which the factors of quantity and price influence the increase in the value of exports of goods of this group.

The calculated values of activity indices LLC “Kyiv Bio Klimat” for the period 2017/2016 and the period 2018/2017 are recorded in Table 1.3.2. On the basis of the above table, has been created a chart of indices of value, physical volume and price.

Table 1.3.2

Calculation of activity index system to LLC “Kyiv Bio Klimat”, 2017-2019

№	Index	Period		
		2018/2017	2019/2018	
		In fact	In fact	Deviation, +/-
1	Cost Index	1,424	1,341	-0,083
2	Price Index	1,169	1,201	0,032
3	Physical volume index	1,218	1,116	-0,102

Source: developed by the author based on the financial statement

The determination of the influence of factors on the export activity of LLC "Kyiv Bio Klimat " is given in Table.1.3.3

Table 1.3.3

Impact factors on the export activity of LLC “Kyiv Bio Klimat”, 2017-2019

№	Indicator	Period		
		2018/2017	2019/2018	
		In fact	In fact	Deviation, +/-
1	Overall change in export			
	Total	192,00	262,00	70,00
	Including			
1.1.	Due to the physical volume	98,76	89,50	-9,27
	As a percentage of the total change	51,44	34,16	-17,28
1.2.	Due to the change in price	93,24	172,50	79,27
	As a percentage of the total change	48,56	65,84	17,28

Source: developed by the author based on the financial statement

The change due to the price shows that in 172,5 thousand UAH the volume of activity of an enterprise has changed in 2019 compared to the 2018 due to the change in prices, that is on 79 thousand UAH more than in 2018 compared with 2017. It is 65,8% of total change in 2019.

The physical volume index shows that in 89,5 thousand UAH in 2019 activity volumes have changed compared to the 2018, under the influence of the physical volume factor that is less in 9 thousand UAH than in 2018 compared with 2017.

To analyze the effectiveness of the export strategy of the enterprise LLC "Kyiv Bio Klimat" used the annual reporting of the enterprise for 2015-2019 foreign trade contract № 01/03/19-01 (Appendix C), as well as internal reports of the enterprise.

LLC "Kyiv Bio Klimat" has signed a contract for the supply of 100 pieces of "Compressor equipment" (hereinafter referred to as the Goods) at the price of USD 1 132 per 1 piece, on CIP Riga (Incoterms 2010) with chain of supermarkets SIA "RIMI LATVIA" » in Riga. The total value of the contract is \$ 113 000 USA. Under this condition, the seller made the delivery when the goods passed through the handrails of the vessel at the port of shipment.

The seller is obliged to pay the costs and freight required to deliver the goods to the specified port of destination, but the risk of loss or damage to the goods, as well as any additional costs arising after shipment of goods, passes from seller to buyer. However, under the terms of the CIP, the seller is also obliged to purchase marine insurance in favor of the buyer against the risk of loss and damage to the goods during transportation.

The seller, LLC "Kyiv Bio Klimat" is obliged to inform the buyer, SIA "RIMI LATVIA" about the delivery of the goods and to confirm the transfer of the goods to the carrier, in this case Carryland Logistics.

Payment for each batch of Goods is stipulated in each appendix E. Payment currency - USA dollars. Payments under this contract are made in non-cash form by direct bank transfer of funds in accordance with the bank details of the Seller specified in this contract. The date of transfer of ownership of the consignment of Goods is the date indicated on the calendar stamp of the checkpoint on the acceptance of goods for transportation, affixed in the sea consignment note issued by the Seller for the shipped consignment of Goods.

When agreeing on the details, the Buyer makes a 30% prepayment, and 70% payment is actually made upon receipt from the Seller 7 days before sending a copy of the documents on the load for readiness to send in the point of destination.

The price of Compressor equipment on the domestic market of Ukraine is 20000 UAH per unit. The total cost of exported products is 2194995 UAH (82830USD) included invoice value (63779 USD) and overhead expenses (19051USD) due to CIP rule. The total cost of selling Compressor equipment in the territory of Ukraine is 10% of the contract value at domestic prices. The official currency exchange rate in 2019 was 26,5 UAH per 1 \$ (official data of NBU).

Let's determine the effectiveness of the export agreement proposed by LLC "Kyiv Bio Klimat" to SIA "RIMI LATVIA". Calculations of the system of efficiency indicators of the mentioned export operation based on: the coefficient of efficiency of the export operation, the coefficient of efficiency of the sale of export goods in the domestic market, the profitability of the export operation.

The efficiency of the export operation is calculated by the formula:

$$E_{exp} = \frac{R_{exp}}{C_{exp}} * 100, \quad (1.5)$$

where R exp - revenue from sales of export products, UAH;

C exp - the total cost of the exported goods, UAH

Calculation:

$$C_{ef.exp} = 113000/82830 = 136.4$$

The efficiency of sales of export goods in the domestic market (E):

$$E_{dom} = \frac{R_{int}}{C_{exp} + C_{dom}} * 100\%, \quad (1.6)$$

where R_{int} - cost of export products in domestic prices, UAH;

C_{exp} - cost of export products (invoice value), UAH.;

C_{dom} – costs of selling products in the domestic market, UAH

Calculation:

$$E = (100 * 20000) / (1690144 + 200000) * 100 = 105.8$$

Profitability of export operation (R_{exp}):

$$R_{exp} = \frac{Pr_{exp}}{C_{exp}} * 100\%, \quad (1.7)$$

where Pr_{exp} - financial result (profit) from the export before taxation, UAH;

C_{exp} - total cost of exported products, UAH;

Calculation:

$$R_{exp} = (113000 - 82830) / 82830 * 100\% = 36.42\%.$$

Calculating the effectiveness of the export agreement, we see that this operation is effective, and the effect of the operation on sale on the foreign market by 994 500 UAH greater than on the sale on the domestic market.

The results of calculation we can see in fig. 1.3.1. Coefficient of efficiency of export operation is very high 213,9% and more on 88,9 percentage points than coefficient of efficiency of realization on domestic market (125%). And profitability of export operation is 175,5% so the export operation is more profitable and efficient than realization on domestic market.

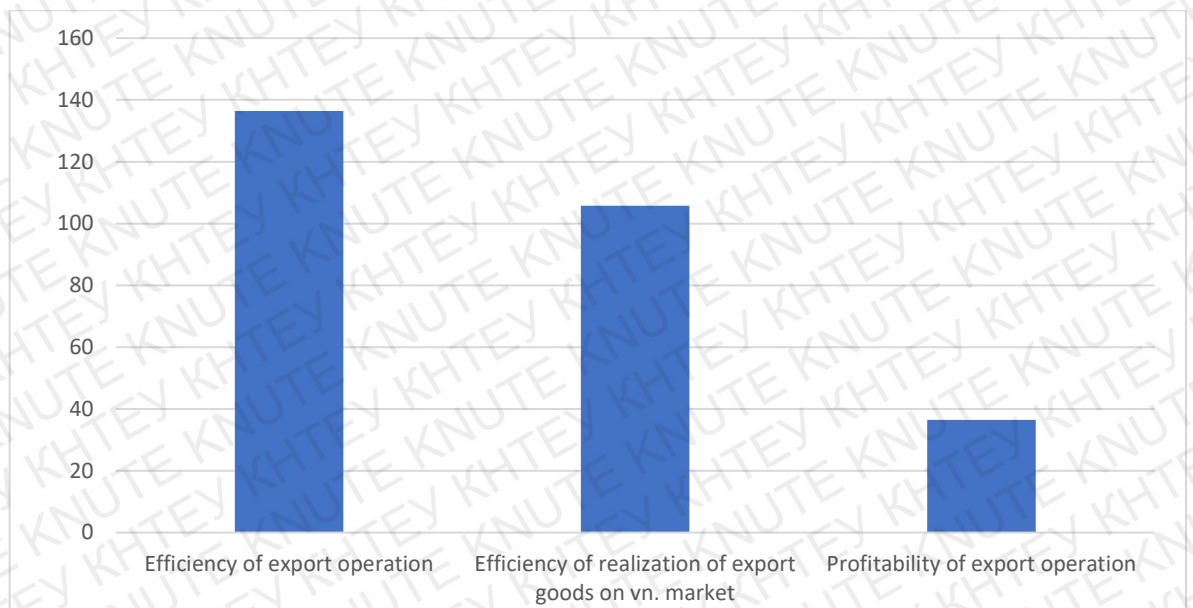


Fig. 1.3.1 The results of the analysis of the effectiveness of the export agreement of LLC "Kyiv Bio Klimat", % (contract № 01/03/19-01)

Source: made by the author based on Ap.C

Efficiency of economic activity is one of the economic categories, which serves as a basis for selection and implementation of alternative economic development of the enterprise, determines the feasibility of innovation and investment projects, creation of new products and services, development and implementation of new equipment, implementation of measures to improve organization and management production, etc..

The efficiency of export-import operations allows to determine the ratio of the obtained economic effect (result) and resource costs (factors) that led to the achievement of such an effect. [6].

So we can see a positive tendency of profitability of sale and total cost, net income from export sale and economic effect of export operations in the period from 2015 to 2019 of LLC "Kyiv Bio Klimat".

The analysis of LLC "Kyiv Bio Klimat" allows us to conclude that the company should continue to pursue a course to expand its market niche, strengthen its market

position, including through diversification. It is advisable to focus on intensifying the marketing policy of communications in order to inform market participants about the possibility of long-term cooperation on favorable terms. Achieving these goals requires the implementation of a more "aggressive" model of company behavior, both in domestic and foreign markets.

Conclusions to the first section

LLC “Kyiv Bio Klimat” offers a wide range of high-quality, reliable, health and environmentally friendly climatic equipment. Quality assurance of HVAC (Heating, Ventilation, & Air Conditioning) equipment and responsibility to the consumer are the basic principles of work.

According to the results of calculations, we can say that LLC “Kyiv Bio Klimat” effectively uses its limited resources. The results show that the receivables management policy is stable. The company is able to fully finance its debtors through creditors. Also, it will be able to repay debts in a timely manner if the payment deadline comes soon.

The company has a normal state of solvency, because current assets are enough to meet current liabilities. And the assets are highly liquid. In 2019, 90% of the company's assets are financed by fixed capital and long-term liabilities.

But it also has negative results: the company is able to finance only 40% of assets through equity and low profitability.

LLC “Kyiv Bio Klimat”'s export destinations currently cover 11 countries. The largest export is to the Latvia, Poland and Czech Republic. Exports have a positive trend since 2015 and in 2019 amounted to 21,3 million UAH. LLC “Kyiv Bio Klimat” exports the most Compressor equipment and cooling systems – 35%% and Repair equipment – 26% in 2019.

Coefficient of efficiency of export operation is very high 213,9% and more on 88,9 percentage points than coefficient of efficiency of realization on domestic market (125%). And profitability of export operation is 175,5% so the export operation is more profitable and efficient than realization on domestic market

I have determined that the management system of export operations at LLC “Kyiv Bio Klimat” provides quality products in accordance with domestic and international standards, as well as the effective implementation of export activities. The last step in assessing the management systems of export operations at LLC “Kyiv Bio Klimat” will be to assess the competitiveness of the enterprise.

SECTION 2. IMPROVEMENT OF ORGANIZATION MECHANISM OF EXPORT OPERATIONS OF LLC “KYIV BIO KLIMAT”

2.1. Justification of directions of export operations for improvement of LLC “Kyiv Bio Klimat”

The method of assessing the effectiveness of foreign economic activity of the enterprise is a key part of the decision-making system for conducting foreign economic activity.

In LLC “Kyiv Bio Klimat” the question of the methodology of decision-making on foreign economic activity is key, because more than half of the products are sold in foreign markets.

Based on the results of research of different approaches and views on the content of the process, sequence and method of decision-making, the practical implementation of the main type of foreign economic activity - foreign trade can be represented as a hierarchy of successive stages.

At the stage of determining the problems, attitudes and concretization of the objectives of export activities, the very concept of foreign economic activity is analyzed, approximate plans are built that are not based on calculations.

At the stage of analysis of the current state of the internal and external environment of the enterprise, assessment of prospects and risks, the external and internal environment of the enterprise is analyzed. In the analysis of the internal environment, the production and technical capabilities of the enterprise are assessed. It is also worth considering the degree of dependence on exports of external semi-finished products for production. After all, if in the absence of sufficient share in the domestic market, where in case of shock you can send unsold goods for export, there is a risk of catastrophic losses associated with price risks, as well as the volatility of the national currency. [7].

The efficiency of the export operation described and studied in paragraph 1.3 is quite high, so the optimization of the terms of the contract due to the replacement

of the supply base is not necessary. Consider other options for optimizing the terms of the contract in favor of the exporter.

There are many options for possible ways to increase the efficiency of export-import operations. Consider some of them.

Table 2.1.1

SWOT analysis of LLC “Kyiv Bio Klimat” on 1.12.2020

Strength	Weaknesses
<ul style="list-style-type: none"> • Low cost of product • The competitive situation on the domestic market • High quality of products • Wide range of products and services • Good distribution system • Brand recognition and loyalty • Modern production facilities and equipment 	<ul style="list-style-type: none"> • The liquidity ratio is less than one, indicating a large number of current and long-term liabilities in the balance sheet • Fixed assets growth rate • Financial stability indicator is less than norm • Low brand recognition
Opportunities	Threats:
<ul style="list-style-type: none"> • Open new offices in big cities of Ukraine • Expanding range of products and services • Increasing market share • Expansion of the sales system • Open distribution office abroad • Find new countries to export • Opening new products markets where company can supply goods • Finding new suppliers of equipment/spare parts with costs undervalued 	<ul style="list-style-type: none"> • Increasing market share of competitors • Unstable economic and political situation • Global crisis • Changing policy in foreign trade in partner-countries • Changing in standards • Changing customer attitude • Increasing prices on imported equipment and spare parts • Cheaper prices of competitors • Debts are not covered

Source : Made by author

As we can see from the SWOT analysis, we see that the basis for export expansion is:

- Increasing market share
- Expansion of the sales system
- Open distribution office abroad
- Find new countries to export
- Opening new products markets where LLC “Kyiv Bio Klimat” can supply goods

All of the above measures are measures for which the marketing department of the enterprise should be responsible. Therefore, the main measures to improve the organization of export activity, we will put on the shoulders of the marketing department and senior management, which must show the will to change production.

When concluding export agreements with the State Tax Administration of Ukraine, it would be expedient to apply the terms of delivery of DDP Delivery with payment of duties. The main advantages of these delivery conditions for LLC “Kyiv Bio Klimat” are the following:

- the seller at his own expense puts up transportation of goods to the specified destination, thereby increasing the competitiveness of products, because it is much easier to order a full set of services, with delivery and pay for it than to look for freight forwarding companies whose services abroad cost more than in Ukraine, even if it is air transportation, the amount of costs is added to the contract price;
- the seller bears all costs and risks associated with the delivery of goods to the destination, which also shows customer orientation;
- the seller is responsible for passing all necessary customs procedures, both export and import;
- the seller pays the costs of customs clearance, taxes, customs and other duties on imports into the country of destination.
- the seller is responsible for insurance of goods on the road;
- the seller bears all costs for inspection of the goods, its packaging and labeling. [5]

The main elements of the export potential of LLC “Kyiv Bio Klimat” are market, price, promotion and penetration.

1. The market. The geography of exports is dominated by the following markets: East Europe. For the development of export activities it is necessary to develop new markets, in particular, the market of Europe and East Europe is promising. After all, in East European countries, lower requirements for standards than in West Europe are also attractive low price of the company compared to Europe. And the East Europe is well developed countries so it is a very large market for HVAC consumers because of urbanization.

To do this, we will analyze possible target markets. The most promising markets are East Europe. The choice of the most profitable market is the analysis of our market and the market of the chosen countries. Specialists working in the aviation industry have formed the main factors that influence the choice of market in the field.

The most favorable conditions should lead to increased efficiency of foreign trade operations.

Let's substantiate the choice of the target market from among three potential counterparty countries on the basis of studying the political, economic, geographical, legal, social and cultural factors of the conditions of each of them. Rationale for LLC “Kyiv Bio Klimat” should be carried out based on the possibility of selling products in three target markets - Hungary, Bulgaria and Slovenia. Table 2.1.2 provides a comparative description of the level of attractiveness of alternative markets.

As we can see from Table 2.1.2, Hungary and Slovenia show quite promising forecasts and interesting growth opportunities

Table 2.1.2

Justification of the choice of the target market of FTO of LLC “Kyiv Bio Klimat”, in 2021-2024

№	Factors that determine the choice of market	Hungary	Bulgaria	Slovenia
1	Low sales potential			
2	High sales potential	✓	✓	✓
3	Atomistic competition	✓	✓	✓
4	Oligopolistic competition			
5	Low production costs	✓	✓	✓
6	Liberal export policy	✓	✓	✓
7	Small geographical distance	✓		
8	Significant geographical distance		✓	✓
9	A dynamically developing economy	✓	✓	✓
10	Economy with stagnant processes			
11	Tight currency control	✓	✓	✓
12	Liberal monetary policy			
13	Long-term prospects for the depreciation of the national currency		✓	
14	Long-term prospects for the growth of the national currency	✓		✓
15	Minor differences in socio-cultural environment	✓	✓	✓
16	Significant differences in socio-cultural environment			
17	Low political risk	✓	✓	✓
18	High political risk			

Source : Made by author [5]

2. Price. Average prices are one of the strongest advantages of the company. Taking into account also the plant's advantage in saving transport costs over European competitors because company has its plant in Slovenia, LLC “Kyiv Bio Klimat” needs to enter the markets with the lowest prices and the most complete package of additional services to attract the largest number of customers.

3. Penetration. Working with individual end partners to whom we export is likely to be inefficient, as at the initial stage the number and volume of orders is small, and the supply of small tonnage does not justify transportation costs. Given the specifics of the existing distribution channels in the market of HVAC products, the best option for LLC “Kyiv Bio Klimat” is to establish strong friendly relations with transport intermediaries operating in these markets, and with their help increase sales. A distribution office needs to be opened in East Europe, which makes it easier to penetrate Europe markets.

4. Promotion. As objects to which it is necessary to direct efforts on advancement of production, it is best to choose the final consumer. It is necessary to establish contacts both with new ones and to strengthen relations with those with whom work has already been carried out.

Having created an image of one or two prominent market participants, you can count on success in the latter. Among the existing methods of product promotion for LLC “Kyiv Bio Klimat” the most appropriate will be sales promotion. [23]

Efficiency of economic activity is one of the economic categories, which serves as a basis for selection and implementation of alternative economic development of the enterprise, determines the feasibility of innovation and investment projects, creation of new products and services, development and implementation of new equipment, implementation of measures to improve organization and management production, etc.

The efficiency of export-import operations allows determining the ratio of the obtained economic effect (result) and resource costs (factors) that led to the achievement of such an effect. Examining the efficiency of foreign economic activity, the company analyzes the effectiveness of external relations with foreign partners, plans production volumes and forms the price of goods in future contracts.[2].

However, before concluding a contract with a partner, they need to analyze the price and terms of delivery of competitors - companies that offer a similar product, so that the price of this product was reasonable and not inflated. We will develop a

competitive letter in order to prove that LLC “Kyiv Bio Klimat” is the best partner for concluding an agreement, and to justify the optimal level of export goods.

In 2021, LLC “Kyiv Bio Klimat” plans to export Compressor equipment. The main task is to determine the optimal price for exports, as well as the choice of the optimal market. Hungary is the most promising country to choose from, so it is advisable to choose this market. The choice of the target market in many respects for the enterprise is defined by its price segment, and also geographical distance.

The current stage of development of production with a huge concentration and centralization of capital is characterized by the expansion of direct exports. Direct exports involve the supply of goods by industrial enterprises directly to foreign consumers.

Also, it should be understood that the expansion of exports of such a large enterprise may go through certain difficulties, namely in the company's exports, the difficulties associated with such moments.

When it comes to increasing exports and export efficiency, we need to keep in mind the competitiveness of our products.

In order to increase the competitiveness of products, it is first necessary to ensure that product quality meets international standards.

Non-compliance of foreign quality standards with exports makes it impossible and restricts exports. The company must monitor compliance with international standards. Clean, safe for people indoor air is a prerequisite for the construction of any building. Strict requirements are imposed on its temperature, flow rate, oxygen saturation.

Modernization of production. The transition to the use of new technologies will significantly reduce costs, which will increase production productivity and profitability.

2.2. Development of measures set of export efficiency improving of LLC “Kyiv Bio Klimat”

The model of export potential allows to schematically presenting the structure of export potential of the modern enterprise, to revealing internal components and reserves of increase, export potential; identifying factors that affect export potential and, accordingly, manage them.[20]

The model takes into account the peculiarities of the export potential of enterprises and is the basis for the development of economic methods for assessing the export potential of the latter. The essence of the methodology for assessing the development of export potential of enterprises is to determine the elemental structure of export potential of the enterprise and develop a system of indicators, with the allocation of key target indicators for our enterprise, elements of export potential are highlighted in paragraph 2.1 (table 2.2.1).

Table 2.2.1

**Content of improving the policy of export potential of the State Tax Administration
LLC“Kyiv Bio Klimat” in 2021-2024**

№	Elements of potential	Characteristic
1	Basic company development strategy	Focus on the strategy of diversified development in which to develop a strategy for market development.
2	Active policy of deepening diversification	Increasing sales of space products, increasing exports of products, expanding the system of service centers and services provided by them, increasing the volume of trade in spare parts, development of consulting services.
3	Improving marketing policy	Active marketing policy, intensification of marketing communications policy, expanding the company's presence in different regions of the world.
4	Development of a clear strategy of export activity	Intensification of efforts to increase sales
5	Improving the management structure of the company's foreign trade	Formation of foreign trade management units with a focus on the development of promising market segments, including additional services.
6	Intensification of cooperation at the international level	Projects in the field of precision farming development, development of service centers with a closed cycle of services, training projects in the field of agricultural machinery maintenance, precision farming

Source: Made by author.

Based on the results obtained in the 2nd section of the work below, measures are proposed to increase the efficiency of production of LLC “Kyiv Bio Klimat”:

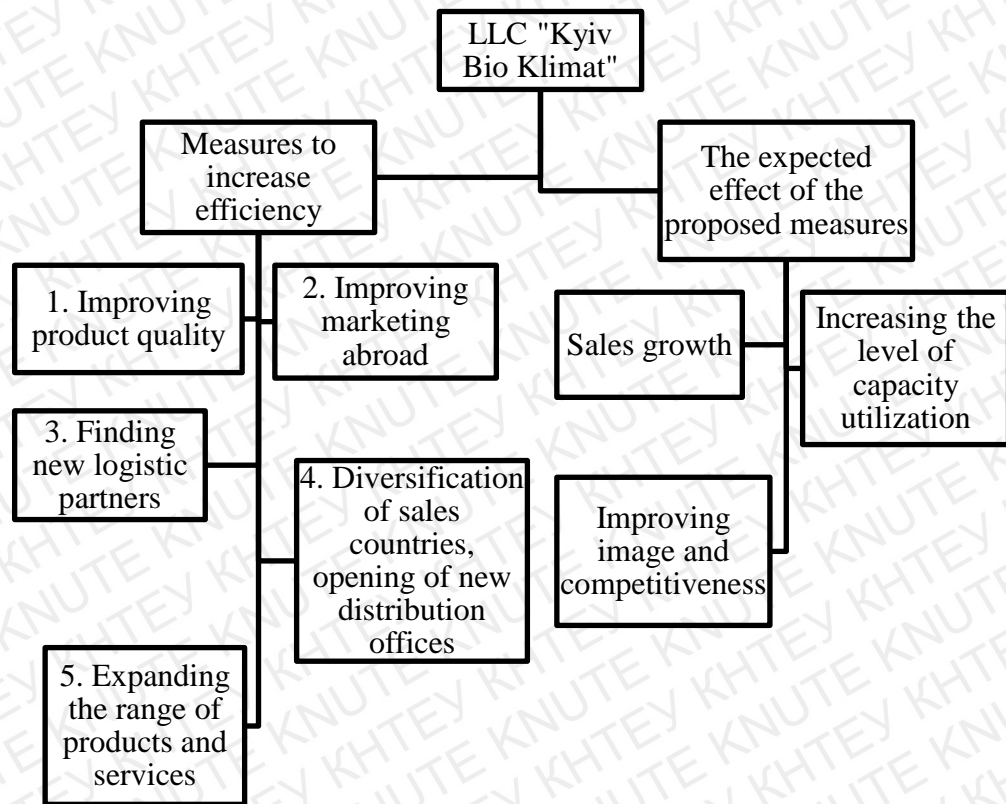


Fig. 2.2.1 - Measures to improve the export efficiency of LLC "Kyiv Bio Klimat" for 5 years

Source : Made by author.

1. An important component of the development policy of LLC "Kyiv Bio Klimat" is to improve product quality.

The main measures to improve product quality:

- adhere to all applicable laws and regulations, mutually agreed guidelines with customers and consumers and global best practice;
- conduct constant analysis of the quality and safety of its products;
- regularly review and develop its product quality and safety procedures in line with leading industry developments;
- conduct regular training and education activities with its employees to ensure they are fully conversant with the Company's product quality and safety standards;
- conduct a product quality and safety strategy review as part of each annual planning process;

- regularly engage with interested material management about product quality and safety.[24]

2. At the present stage of economic development, the improvement of strategic marketing management as a means of enterprise management involves:

- the choice of promising areas of enterprise development;
- reorientation of the business orientation of the enterprise from passive response to market factors to active actions related to reducing their negative impact or preventing it;
- coordination of the main areas of activity of the enterprise in order to meet the needs of customers and maximize profits.

Marketing management in the enterprise can be carried out only when its organizational activities are based on the principles of marketing, when all activities are focused on the final consumer of products, while the departments of production management, finance, personnel, research and development combine efforts to meet its needs.

The organization of marketing provides:

- 1) building and improving the structure of marketing management;
- 2) creating appropriate conditions for the effective work of marketing staff;
- 3) ensuring effective interaction of the marketing service with other services of the firm. [8]

International marketing - a set of activities outside the country in the study of trade and marketing activities of the enterprise and the study of all factors influencing the process of production and promotion of goods and services from producer to consumer. The main task of international marketing is to study consumer demand and meet it in accordance with the commercial interests of the firm. The main purpose of international marketing is to achieve a positive image of the company in foreign markets and favorable results. [3]

3. Expanding the range of products and services provided by the company to maintain competition in the foreign market and attract new customers is very important for LLC "Kyiv Bio Klimat".

Nowadays, global warming, environment pollution, and limitations in energy resources have appeared as a serious global crisis. Therefore, energy efficiency and energy conservation are necessary in all energy-consuming devices, such as heating, ventilating, and air conditioning (HVAC) systems. The aims of this project are to evaluate the performance and energy conservation of a conventional air conditioning system and also compare its performance with the proposed HVAC system, which consists of a heat recovery unit to reduce the initial capital cost and electricity consumption of the system. Through hour-by-hour simulations, the annual energy consumptions of these two systems have to be calculated and analysed. A CO₂-based demand controlled ventilation strategy offers a great opportunity to reduce additional energy consumption in the above HVAC systems, while providing the required ventilation.

HVAC systems account for more than 50% of a facility's energy usage . After the cooling load has been reduced and the HVAC system has been optimised in terms of airflow, environmental controls and sensors, there still remain major areas of possible energy savings in the major components that form the basis of the system. [21]

So LLC “Kyiv Bio Klimat” should expand the range with energy saving HVAC system because energy saving is a very important problem for all people today. And demand on these products will increase every year.

4. Enterprises have great potential for geographical diversification. For the development of export activity it is necessary to develop new markets, in particular, the market of East Europe is promising in accordance with Table 2.1.2 and the existing foreign trade relations of the enterprise..

Sales offices are designed to create distribution networks in the field, which will lay the foundation for increasing exports. Established the Sales and Distribution Center will significantly increase exports to these regions.

East European countries are very promising markets for Ukraine, this is a huge market with lower standards than West Europe and also LLC “Kyiv Bio Klimat” has attractive low price of the company compared to Europe. It is very difficult for

Ukraine and in particular LLC “Kyiv Bio Klimat” to meet the high quality standards of high-developed in West Europe and there are quotas for exports to the EU. Therefore, in order to raise its standards and production, it is necessary to focus on sales markets, where the company can already export freely and has the potential for growth. And East Europe are a very large market for HVAC consumers because the East Europe is well developed countries so it is a very large market for HVAC consumers because of urbanization.

Therefore, it is necessary to open a sales center in the East European region, in particular in Hungary, country which located very close to Ukraine, which has a stable economic development, it's EU country so it's the opportunity for LLC “Kyiv Bio Klimat” to increase market share in European market.

After describing the measures to improve the export efficiency of LLC “Kyiv Bio Klimat” and justifying the need for these measures, it is necessary to assess the financial costs of applying these measures.

It should also be noted that all the measures we offer are considered in the long run, so the result will not be felt immediately.

Consider first the cost of marketing, which can be calculated quite accurately, table. 2.2.2.

Table 2.2.2

Marketing costs in LLC“Kyiv Bio Klimat”, 2020-2024

(thousand UAH)

Type of marketing costs	Amount of expenses				
	Fact	Plan			
	2020	2021	2022	2023	2024
Additional payments to workers	200	300	400	500	600
Tax assessment	126,9	139,7	153,2	155,2	158,8
Stationery	30	50	50	70	70
Information connection	70	80	90	100	110
Advertising costs	300	350	370	400	430
Web marketing costs	150	170	200	250	300
Total	876,9	1089,7	1263,2	1475,2	1668,8

Source : Made by author on information of entity

Therefore, we will increase marketing costs from 2019 to 2024 on 791,9 thousand UAH. Thus, the total amount of investment required to open a distribution office is approximately UAH 1.15 million.

Following the opening, it is expected to increase sales, contracts, expand distribution and exports in general in Europe. The main thing to keep in mind the company's management is the presence of huge market potential, which draws the attention of all experts.

Thus, the solution of these issues will not only strengthen the market position, but also expand the market niche, and most importantly - to form a significant potential for development of the company, which can be realized in the future. The capabilities of the State Tax Administration LLC "Kyiv Bio Klimat" are primarily related to strengthening market positioning and the introduction of new technologies, while it is necessary to clearly define priorities and justify the mechanisms of their implementation and make timely improvements to the management system.

2.3 Evaluation of the effectiveness of the proposed measures for LLC “Kyiv Bio Klimat”

Today there is no single method for assessing the effectiveness of foreign trade, including exports of industrial enterprises. However, this activity is one of the main sources of income for companies engaged in export activities. The need to enter new markets should also be taken into account, especially given the constraints.

Of course, each enterprise independently forms a policy of foreign economic activity in the field of export of its products, however, it largely depends on the economic factors presented in the first section of this work. One such factor is the financial crisis, which has now had a very strong impact and is still affecting the world economy, which to some extent affects the outcome of foreign economic activity.

In this section the algorithm and the basic criteria of an estimation of foreign economic activity of the industrial enterprise, and also interrelation and influence of external factors on production indicators which are carrying out export activity, in the conditions of financial crisis will be formed.[25]

In the process of assessing the effectiveness of foreign economic activity should be based on the following basic principles:

- accuracy and simplicity of settlement operations;
- informative completeness and complexity of the assessment;
- interchangeability of components of the evaluation algorithm;

The algorithm for assessing the effectiveness of foreign economic activity, in our opinion, should consist of the following key stages:

- preparation;
- planning;
- collection and processing of information;
- calculation of indicators;
- analysis and identification of trends.

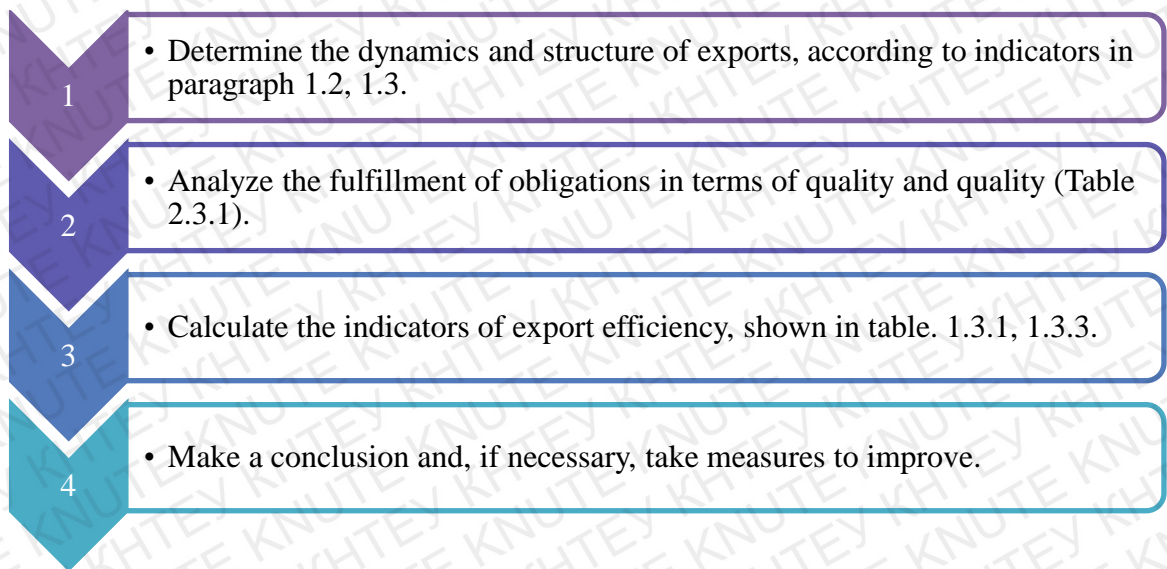


Fig. 2.3.1 - Algorithm for evaluating the effectiveness of the proposed measures of LLC "Kyiv Bio Klimat" in 2021-2024

Source : Made by author.

As mentioned in the previous paragraphs, the two areas of development of LLC "Kyiv Bio Klimat", which are proposed to develop on the basis of improving product quality, foreign marketing, expand the range of products, geographical diversification and opening a distribution office in Hungary, improving environmental policies and implementing new technologies can actually be implemented with a difference in time in 3-5 years. The start of the project in the direction of marketing can be implemented in 2020, the same applies to environmental policy and geographical diversification with the opening of a distribution office in Hungary.

Approximate calendar plan for the implementation of export measures for the State Tax Administration LLC "Kyiv Bio Klimat", presented in table 2.3.1. I propose to start the events in 2020.

Table 2.3.1

**Calendar plan for the implementation of measures for export development LLC
“Kyiv Bio Klimat” in 2021-2024**

№	Measures	Year				
		2020	2021	2022	2023	2024
1	Improving product quality	system development	evaluation of efficiency and improvement	evaluation of efficiency and improvement	evaluation of efficiency and improvement	evaluation of efficiency and improvement
2	Functioning of the marketing department	recruitment	system development and start of implementation	constantly	constantly	constantly
3	Expanding the range of products and services	constantly	constantly	constantly	constantly	constantly
4	Geographical diversification and opening of an office in Hungary	start planning and implementing the plan	Office opening	Expansion of sales countries	evaluation of efficiency and improvement	evaluation of efficiency and improvement

Source : Made by author on information of entity

As we see from table 2.3.1. - The main procurement and development activities will be completed by the end of 2021, and, starting in 2022, the activities will be monitored, their effectiveness will be assessed and existing measures will be improved.

Performance evaluation will be carried out on an ongoing basis, comparing the results of the chain method. I think this is the most reliable way, it is quite easy to implement. To do this, we have created an algorithm for evaluating export activities

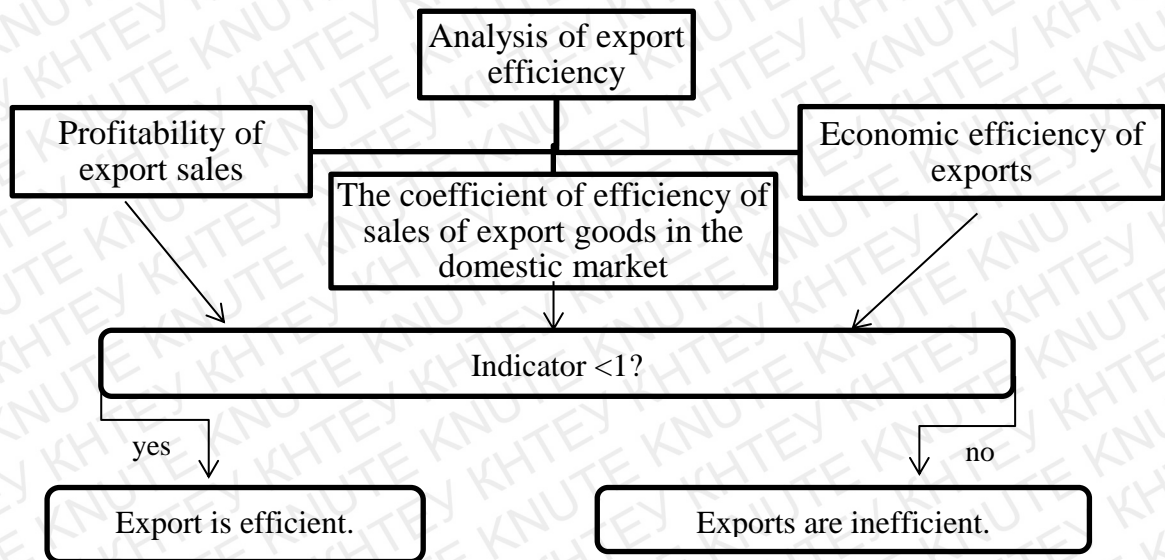


Fig.2.3.2 - Algorithm for export efficiency analysis of LLC “Kyiv Bio Klimat” in 2019

Source : Made by author based on [6].

Within the framework of item 2.3 the algorithm of an estimation of efficiency of export activity of agency which includes a sequence of stages, such as: preparatory, a planning stage, a collection stage, settlement was developed. The calculation stage was subject to detail, in connection with which there were 2 options for calculating performance indicators for export operations.

Depending on the change in these indicators, compared to the previous period, companies need to adjust to the changes. It should be noted that analyzing the feasibility of conducting FEA LLC “Kyiv Bio Klimat” in section 1.3, it was concluded that exports are more profitable than trade in the domestic market of Ukraine.

The efficiency indicator of the export operation duplicates the value of the cost-effectiveness indicator, with the only correction that the data on the export operation are used in its calculation. The analysis of this indicator allows to determine highly efficient, low-efficiency, unprofitable operations for the sale of goods on the foreign market, as well as to take measures to address the sale of goods with a high level of efficiency.[26]

Based on the comparison of possible options for cooperation with foreign contractors for export activities, it is necessary to form the optimal structure of exports, depending on the level of the above indicators.

The analytical stage of assessing the effectiveness of foreign economic activity includes the following elements:

- analysis of the rational use of resources in order to eliminate unwanted deviations from the objectives of the production program;
- identification of internal economic reserves to increase the efficiency of foreign economic activity;
- development of measures to attract reserves in economic turnover.[22]

The main purpose of the above algorithm is to increase the efficiency of foreign trade and search for reserves to increase profits and efficiency.

For forecasting of main pillars of export activity of LLC "Kyiv Bio Klimat" it is offered to use «moving average» method. According to method of «moving average» the formula for calculation of forecasting indicators is:

$$y_{t+1} = m_{t+1} + \frac{1}{n} \times (y_t - y_{t-1}) \quad (2.1)$$

where $t + 1$ is the forecast period;

t is the period preceding the forecast (year, month, etc.);

T_{t+1} is the predicted indicator;

m_{t+1} - moving average two periods before forecast;

n is the number of smoothing levels;

y_t is the actual value;

y_{t-1} is the actual value two periods before the forecast.

The necessary step of forecasting by the methods of "moving average" is to calculate the average relative error by the formula:

$$\epsilon = \frac{1}{n} \times \sum_{i=1}^n \frac{|y_f - y_c|}{y_f} \times 100 \quad (3.3)$$

Where y_f — is the actual value of the indicator,

y_c - is the calculated value of the indicator,

n is the period of analysis.

Table 2.3.2

**Forecasting net income of LLC “Kyiv Bio Klimat”, 2021-2022
(based on the moving average method)**

<i>Number in order</i>	<i>Period (year)</i>	<i>Net income of export sale (Yt)</i>	<i>Moving average (m)</i>	<i>Average relative error</i>
1	2015	9 812		
2	2016	14 915	13834,04	7,25
3	2017	16 775	16814,44	0,24
4	2018	18 753	18929,14	0,94
5	2019	21 259	20636,54	2,93
6	2020	21 897	21947,16	0,23
7	2021	22685,13	22671,98	0,06
8	2022	23433,74		
<i>Average Relative Error</i>				<u>2,78</u>

Source: developed by the author based on the financial statement of the entity
The forecast of indicator “Cost of sales” is presented in the Table 2.3.3.

Table 2.3.3

**Forecasting the indicator “costs of sales” of LLC “Kyiv Bio Klimat”,
2021-2022 (based on the moving average method)**

<i>Number in order</i>	<i>Period (year)</i>	<i>Total cost (production and export), (Yt)</i>	<i>Moving average (m)</i>	<i>Average relative error</i>
1	2014	8 355		
2	2015	12 812	11779,55	8,06
3	2016	14 171	14337,09	1,17
4	2017	16 028	15699,16	2,05
5	2018	16 898	16723,95	1,03
6	2019	17 246	16994,66	1,46
7	2020	16839,73	16981,62	0,84
8	2021	16859,31		
<i>Average Relative Error</i>				<u>2,75</u>

Source: developed by the author based on the financial statement of the enterprise

According to the "moving average" method, the average relative error is 2.78 (forecasting of net income of export sale) and 2.75 (forecasting the cost of sales). According to the normative values of the average relative error, the obtained forecast data by the method of "moving average" are reliable.

In fig. 2.3.3 we can see the forecast for export efficiency analysis of the enterprise in European countries for the next 4 years and there is a positive tendency of profitability of revenue, an increase from 21,2 in 2020 to 23,5 in 2022. Profit from the export in these countries will increase every year from 1, 3 million UAH to 1,5 million dollars.

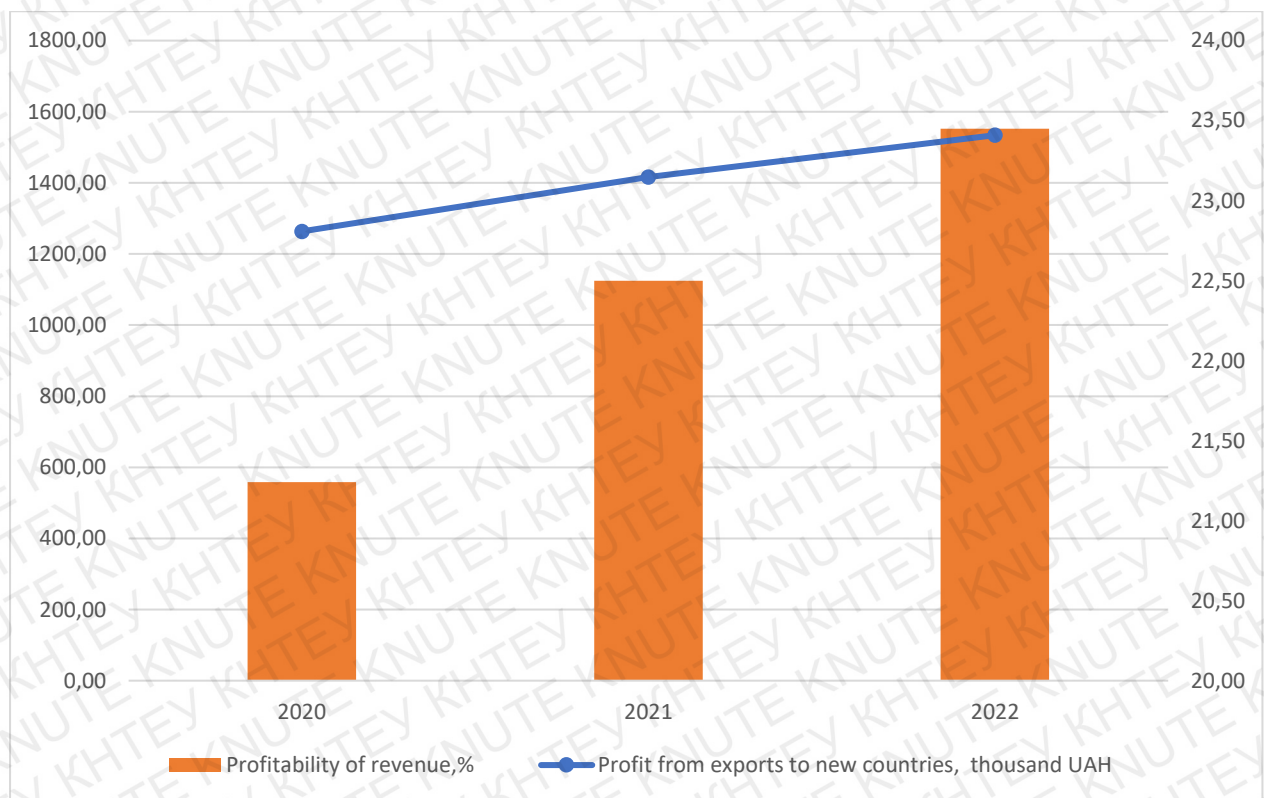


Fig.2.3.3 – Forecast of export efficiency main pillars of LLC “Kyiv Bio Klimat”, 2020-2023

Source : Made by author based on [].

So the efficiency of exporting to European countries after opening distribution office will increase every year.

Let's compare forecast of foreign economic activity for 2021-2022 under unchanged and implemented strategy..

Table 2.3.4

LLC “Kyiv Bio Klimat” forecast of FEA under unchanged strategy, 2021 – 2022

№	Indicators	Years							
		2019		2020 (preliminary data)		Forecast			
		fact	absolute deviation, +/-	fact	absolute deviation, +/-	2021		2022	
forecast	absolute deviation, +/-					forecast	absolute deviation, +/-		
1	Revenue from sales of export products, thousand UAH	21259,28	2506,01	21897,06	637,78	22685,13	788,08	23433,74	748,61
2	Costs associated with the manufacture of export product, thousand UAH	13201,92	680,36	13473,28	271,37	13944,85	471,56	14363,19	418,35
3	Expenses related to the sale of export products, thousand UAH	3696,54	190,50	3772,52	75,98	3904,56	132,04	4021,69	117,14
3.1	Transportation costs to the border, thousand UAH	1515,58	78,11	1545,89	30,31	1600,00	54,11	1648,00	48,00
3.2	Insurance costs, thousand UAH	1256,82	64,77	1281,96	25,14	1326,83	44,87	1366,63	39,80
3.3	Cost of loading, thousand UAH	924,13	47,63	944,67	20,53	977,73	33,06	1007,06	29,33
4	Profit from exports, thousand UAH	8057,36	1825,65	8423,77	366,41	8740,28	316,51	9070,55	330,26
5	Net export profit, thousand UAH	4360,82	1635,15	4651,26	290,43	4835,73	184,47	5048,85	213,13
6	Efficiency ratio								
6.1	Profitability of sale, %	20,51	5,98	21,24	0,73	21,32	0,08	21,55	0,23
6.2	Profitability of total cost, %	25,81	8,80	26,97	1,16	27,09	0,12	27,46	0,37

Source: Made by author based on [1].

We can see in table 2.3.4 that there is a slight growth of profitability of sale and of total cost every year under unchanged strategy

Table 2.3.5

**LLC “Kyiv Bio Klimat” forecast of FEA under implemented strategy,
2021 – 2022**

№	Indicators	Years							
		2019		2020 (approx.)		Forecast			
		fact	absolute deviation, +/-	fact	absolute deviation, +/-	forecast	absolute deviation, +/-	forecast	absolute deviation, +/-
1	Revenue from sales of export products (thous. UAH)	21259,28	2506,01	21897,06	637,78	23161,52	1264,46	23953,97	792,45
2	Costs associated with the manufacture of export products (thous. UAH)	13201,92	680,36	13473,28	271,37	13965,77	492,48	14366,35	400,59
3	Expenses related to the sale of export products (thous. UAH)	3696,54	190,50	3772,52	75,98	3951,41	178,89	4021,70	70,29
3.1	Transportation costs to the border, millions of US dollars	1515,58	78,11	1545,89	30,31	1619,20	73,31	1684,58	65,39
3.2	Insurance costs, millions of US dollars	1256,82	64,77	1281,96	25,14	1342,75	60,79	1396,97	54,22
3.3	Cost of loading, millions of US dollars	924,13	47,63	944,67	20,53	989,46	44,80	940,15	-49,32
4	Profit from exports (thous. UAH)	8057,36	1825,65	8423,77	366,41	9195,76	771,98	9587,62	391,86
5	Net export profit (thous. UAH)	4360,82	1635,15	4651,26	290,43	5244,34	593,09	5565,91	321,57
6	Efficiency ratio								
6.1	Profitability of sale, %	20,51	5,98	21,24	0,73	22,64	1,40	23,24	0,59
6.2	Profitability of total cost, %	25,81	8,80	26,97	1,16	29,27	2,30	30,27	1,00

Source: Made by author based on [1].

From table 2.3.5 we can see forecast of foreign economic activity for 2021-2022 under implemented strategy. And here growth of profitability of sale and total cost are greater in 2021 and 2022 than under unchanged strategy. So in fig. 2.3.5 we

can conclude that implemented strategy of foreign economic activity is more profitable.

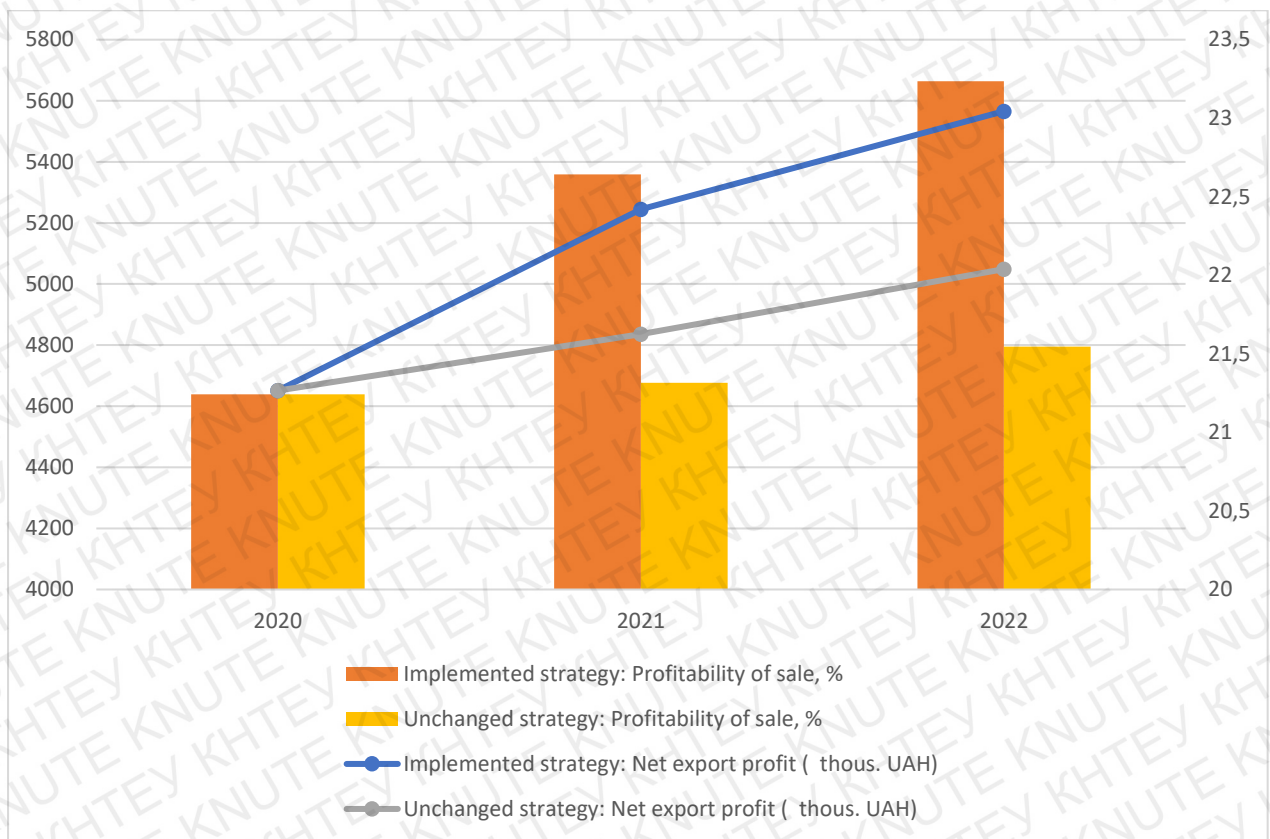


Fig. 2.3.5. Forecast of main pillars of export of LLC "Kyiv Bio Klimat" (taking into account strategy implementation), 2020-2023

Source : Made by author based on [Table.1.1.1 ;Fig.3; Fig.4

So we see an increase in profits from exports to this region and in export efficiency. The company will have additional resources to modernize technologies, expanding the range of products and services, improve product quality. And these improvements will increase exports to EU countries, where higher standards and requirements.

Conclusions to section 2

So, first a SWOT analysis was conducted, from which we found reserves for expanding exports:

- Increasing market share
- Expansion of the sales system
- Development of marketing abroad
- geographical diversification and the opening of a distribution office in Hungary
- Find new countries to export
- Opening new products markets where LLC “Kyiv Bio Klimat” can supply goods.
- improving product quality

Non-compliance of foreign quality standards with exports makes it impossible and restricts exports. The company must monitor compliance with international standards. Clean, safe for people indoor air is a prerequisite for the construction of any building. Strict requirements are imposed on its temperature, flow rate, oxygen saturation.

Nowadays, global warming, environment pollution, and limitations in energy resources have appeared as a serious global crisis. Therefore, energy efficiency and energy conservation are necessary in all energy-consuming devices, such as heating, ventilating, and air conditioning (HVAC) systems.

HVAC systems account for more than 50% of a facility’s energy usage . After the cooling load has been reduced and the HVAC system has been optimised in terms of airflow, environmental controls and sensors, there still remain major areas of possible energy savings in the major components that form the basis of the system.

So LLC “Kyiv Bio Klimat” should expand the range with energy saving HVAC system because energy saving is a very important problem for all people today. And demand on these products will increase every year

Enterprises have great potential for geographical diversification. For the development of export activity it is necessary to develop new markets, in particular,

the market of Europe and East Europe is promising in accordance with Table 2.1.2 and the existing foreign trade relations of the enterprise.

Sales offices are designed to create distribution networks in the field, which will lay the foundation for increasing exports. Established in Hungary the Sales and Distribution Center will significantly increase exports to European regions.

East European countries are very promising markets for Ukraine, this is a huge market with lower standards than West Europe and also LLC “Kyiv Bio Klimat” has attractive low price of the company compared to Europe. It is very difficult for Ukraine and in particular LLC “Kyiv Bio Klimat” to meet the high quality standards of high-developed in West Europe and there are quotas for exports to the EU. Therefore, in order to raise its standards and production, it is necessary to focus on sales markets, where the company can already export freely and has the potential for growth. And East Europe are a very large market for HVAC consumers because the East Europe is well developed countries so it is a very large market for HVAC consumers because of urbanization

Therefore, it is necessary to open a sales center in the East European region, in particular in Hungary, country which located very close to Ukraine, which has a stable economic development, it's EU country so it's the opportunity for LLC “Kyiv Bio Klimat” to increase market share in European market.

The main task of international marketing is to study consumer demand and meet it in accordance with the commercial interests of the firm. The main purpose of international marketing is to achieve a positive image of the company in foreign markets and favorable results.

Also, costs were calculated in value terms, because not all items of export potential require investment. Additional UAH 1 million will need per year for the work of the marketing department and UAH 1.15 million for the opening of a distribution office in Hungary.

The estimated efficiency of exports to European countries after the opening of a distribution office in Hungary has been calculated and the efficiency will increase every year, the forecast for export efficiency analysis of the enterprise in European

countries for the next 4 years and there is a positive tendency of profitability of revenue, an increase from 21,2 in 2020 to 23,5 in 2022.

Profit from the export in these countries will increase every year from 1, 3 million UAH to 1,5 million dollars, provided the office is opened.

Comparing forecast of foreign economic activity for 2021-2022 under unchanged and implemented strategy. We can see that growth of profitability of sale and total cost are greater under implemented strategy than under unchanged strategy. So we can conclude that implemented strategy of foreign economic activity is more profitable.

So we see an increase in profits from exports to this region and in export efficiency. The company will have additional resources to modernize technologies, expanding the range of products and services, improve product quality. And these improvements will increase exports to EU countries, where higher standards and requirements.

CONCLUSIONS AND RECOMENDATIONS

LLC “Kyiv Bio Klimat” offers a wide range of high-quality, reliable, health and environmentally friendly climatic equipment and services for them such as installation, cleaning, maintenance etc. Quality assurance of HVAC (Heating, Ventilation, & Air Conditioning) equipment and responsibility to the consumer are the basic principles of work.

According to the results of calculations, LLC “Kyiv Bio Klimat” effectively uses its limited resources. The results show that the receivables management policy is stable. The company is able to fully finance its debtors through creditors. Also, it will be able to repay debts in a timely manner if the payment deadline comes soon.

The company has a normal state of solvency, because current assets are enough to meet current liabilities. And the assets are highly liquid. In 2019, 90% of the company's assets are financed by fixed capital and long-term liabilities.

But it also has negative results: the company is able to finance only 40% of assets through equity and low profitability.

LLC “Kyiv Bio Klimat”'s export destinations currently cover 11 countries. The largest export is to the Latvia, Poland and Czech Republic.

Exports have a positive trend since 2015 and in 2019 amounted to 21,3 million UAH. LLC “Kyiv Bio Klimat” exports the most Compressor equipment and cooling systems – 35% (7,7 million UAH) and Repair equipment – 26% (5,5 million UAH) in 2019.

Coefficient of efficiency of the export contract in 2019 is very high 213,9% and more on 88,9 percentage points than coefficient of efficiency of realization on domestic market (125%). And profitability of export operation is 175,5% so the export operation is more profitable and efficient than realization on domestic market.

The process of improving the efficiency of the enterprise is to find, select and implement appropriate measures in the subsystems of different levels (production process, warehousing, distribution) and their comprehensive assessment (according to various indicators). The analysis of tendencies of development of enterprises allows

drawing a conclusion that the key factors of competitiveness include increase of quality of let out production and its timely delivery to the consumer. It is necessary to control the current operating costs.

SWOT analysis was conducted, from which we found reserves for expanding exports and implement some new measures:

- Increasing market share
- Expansion of the sales system
- Development of marketing abroad
- geographical diversification and the opening of a distribution office in Hungary
- Find new countries to export
- Opening new products markets where LLC “Kyiv Bio Klimat” can supply goods.
- improving product quality

Non-compliance of foreign quality standards with exports makes it impossible and restricts exports. The company must monitor compliance with international standards. Clean, safe for people indoor air is a prerequisite for the construction of any building. Strict requirements are imposed on its temperature, flow rate, oxygen saturation.

Nowadays, global warming, environment pollution, and limitations in energy resources have appeared as a serious global crisis. Therefore, energy efficiency and energy conservation are necessary in all energy-consuming devices, such as heating, ventilating, and air conditioning (HVAC) systems. HVAC systems account for more than 50% of a facility’s energy usage.

So LLC “Kyiv Bio Klimat” should expand the range with energy saving HVAC system because energy saving is a very important problem for all people today. And demand on these products will increase every year.

We investigated the management system for the development of export potential of the enterprise and identified difficulties and prospects for export activities: improving the quality of products; expanding the range of products and services; insufficient marketing abroad, the potential for geographical diversification,

judging by the experience of opening sales offices abroad and assessing markets, including Europe.

Enterprises have great potential for geographical diversification. For the development of export activity it is necessary to develop new markets. Sales offices are designed to create distribution networks in the field, which will lay the foundation for increasing exports. Established in Hungary the Sales and Distribution Center will significantly increase exports to European regions.

East European countries are very promising markets for Ukraine, this is a huge market with lower standards than West Europe and also LLC “Kyiv Bio Klimat” has attractive low prices compared to Europe. Because the high quality standards of high-developed in West Europe and quotas for exports to the EU. Therefore, in order to raise its standards and production, it is necessary to focus on sales markets, where the company can already export freely and has the potential for growth. And East Europe is a very large market for HVAC consumers because it includes well developed countries so it is a very large market for HVAC consumers because of urbanization.

Therefore, it is necessary to open a sales center in Hungary, country which located very close to Ukraine, which has a stable economic development, with EU country it’s the opportunity for LLC “Kyiv Bio Klimat” to increase market share in European market.

The main task of international marketing is to study consumer demand and meet it in accordance with the commercial interests of the firm. The main purpose of international marketing is to achieve a positive image of the company in foreign markets and favorable results.

Also, costs were calculated in value terms, because not all items of export potential require investment. Additional UAH 1 million will need per year for the work of the marketing department and UAH 1.15 million for the opening of a sale office in Hungary.

The estimated efficiency of exports to European countries after the opening the office in Hungary will increase every year, the forecast for export efficiency analysis

of the enterprise in European countries for the next 4 years and there is a positive tendency of profitability of revenue, an increase from 21,2 in 2020 to 23,5 in 2022.

Profit from the export in these countries will increase every year from 1, 3 million UAH to 1,5 million dollars, provided the office is opened.

Comparing forecast of foreign economic activity for 2021-2022 under unchanged and implemented strategy. We can see that growth of profitability of sale and total cost are greater under implemented strategy than under unchanged strategy. So we can conclude that implemented strategy of foreign economic activity is more profitable.

So we see an increase in profits from exports to this region and in export efficiency. The company will have additional resources to modernize technologies, expanding the range of products and services, improve product quality. And these improvements will increase exports to EU countries, where higher standards and requirements.

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APPENDICES

APPENDIX A

Balance sheet reports (Form №1) for 2015-2019 of LLC “Kyiv Bio Klimat”, thousand UAH

Asset	Code	2015	2016	2017	2018	2019
1	2	3	4			
I. Non-current assets						
Intangible assets:						
residual value	010	0	0	0	0	0
Initial value	011	0	0	0	0	0
accumulated depreciation	012	0	0	0	0	0
Unfinished construction	020	0	0	0	0	0
Fixed assets:		0	0	0	0	0
residual value	030	10201	21838	20308	21494	22904
Initial value	031	14238	32122	30455	36599	38940
Wear and tear	032	-4037	-10284	-8450	-9870	-15730
Long-term financial investments:		0	0	0	0	0
which are accounted for using the equity method of other enterprises	040	0	0	0	0	0
other financial investments	045	0	0	0	0	0
Long-term receivables	050	0	0	0	0	0
Deferred tax assets	060	0	0	0	0	0
Other non-current assets	070	0	0	0	0	0
Total for section I	080	10201	21838	20308	21494	22904
II. Current assets						
Stocks:						
inventories	100	494	921	839	1077	1249
Animals for breeding and fattening	110	0	0	0	0	0
Unfinished production	120	0	0	0	0	0
Final product	130	7	81	55	51	40
Cargo	140	10	8	5	4	0
Promissory notes received	150	0	0	0	0	21573
Accounts receivable for goods, works, services:		0	0	0	0	0
net realizable value	160	349	1436	1343	1758	2072
initial value	161	349	1436	1343	1758	2072
reserve for doubtful debts	162	0	0	0	0	0
Accounts receivable by calculations:		0	0	0	0	0
with a budget	170	0	0	0	0	0
on issued advances	180	0	0	0	0	0
from accrued income	190	0	0	0	0	0
from internal calculations	200	0	0	0	0	0
Other current receivables	210	1230	847	610	593	1006
Current financial investments	220	0	0	0	0	0
Cash and cash equivalents:		0	0	0	0	0
in national currency	230	554	654	610	593	504

Continuation of appendix A

in foreign currency	240	0	0	0	0	0
Other current assets	250	128	182	141	175	186
Total for section II	260	2764	4048	3548	4200	5018
III. Deferred expenses	270	0	0	0	0	0
Balance	280	12964	25885	23856	25694	27922
I. Equity						
Share capital	300	1071	1550	1274	1489	1583
Share capital	310	0	0	0	0	0
Additional invested capital	320	0	0	0	0	0
Other additional capital	330	0	0	0	0	0
Reserve capital	340	0	0	0	0	0
Retained earnings (uncovered loss)	350	504	564	644	706	687
Unpaid capital	360	-32	-42	-45	-28	-39
Withdrawn capital	370	0	0	0	0	0
Total for section I	380	1543	2072	1873	2167	2231
II. Ensuring subsequent costs and payments						
Ensuring staff payments	400	0,0	0,0	0,0	0,0	0,0
Other security	410	0,0	0,0	0,0	0,0	0,0
	415	0,0	(0,0)	(0,0)	(0,0)	(0,0)
	416	0,0	(0,0)	(0,0)	(0,0)	(0,0)
Targeted financing	420	0,0	0,0	0,0	0,0	0,0
Total for section II	430	0,0	0,0	0,0	0,0	0,0
III. Long-term liabilities						
long-term bank credits	440	0,0	0,0	0,0	0,0	0,0
Long-term financial liabilities	450	0,0	0,0	0,0	0,0	0,0
Deferred tax liabilities	460	0,0	0,0	0,0	0,0	0,0
Other long-term liabilities	470	0,0	0,0	0,0	0,0	0,0
Total for section III.	480	0,0	0,0	0,0	0,0	0,0
IV. Current liabilities						
Short-term bank loans	500	120	135	540	120	550
Current debt on long-term liabilities	510	0	0	0	0	0
Promissory notes issued	520	0	0	0	0	0
Accounts payable for goods, works, services	530	10918	22956	20567	22248	24456
Current liabilities according to calculations:		0	0	0	0	0
from the received advances	540	0	0	0	0	0
with a budget	550	0	40	124	320	150
from extrabudgetary payments	560	0	0	0	0	0
on insurance	570	223	388	120	520	228
on wages	580	120	210	445	489	457
with participants	590	0	0	0	0	0
from internal calculations	600	0	0	0	0	0
Other current commitments	610	0	0	0	0	0
Total for section IV	620	11421	23813	21992	23527	25691
V. Deferred income	630	0	0	0	0	0
Balance	640	12964	25885	23865	25694	27922

Source: developed by the author on the basis of [8; 9; 10; 11; 12]

APPENDIX B

**Statements of financial results (Form 2) for 2015-2019 of LLC “Kyiv Bio
Klimat”, thousand UAH**

Statement	2015	2016	2017	2018	2019
1	2	3	4	5	6
Net income from sales of products (goods, works, services)	45789,52	78025,62	92215,32	105890,00	125068,00
Cost of goods sold (goods, works, services)	38005,30	65220,84	77483,92	87867,52	101333,97
Gross profit	7784,22	12804,78	14731,40	18022,48	23734,03
Loss	0,00	0,00	0,00	0,00	0,00
Other operating income	5520,50	4368,00	3206,00	2044,00	2882,50
Administrative expenses	-1922,00	-1950,00	-2338,00	-2336,00	-2333,00
Selling expenses	-5026,00	-5205,00	-9025,00	-10253,00	-13025,00
Other operating expenses	-429,00	-205,00	-220,00	-342,00	-198,00
Financial results from operating activities: Profit	5927,72	9812,78	6354,40	7135,48	11060,53
Loss	0,00	0,00	0,00	0,00	0,00
Income from equity participation	0,00	0,00	0,00	0,00	0,00
Other financial income	0,00	0,00	0,00	0,00	0,00
Other income	0,00	0,00	0,00	0,00	0,00
Financial expenses	0,00	0,00	0,00	0,00	0,00
Losses from equity participation	0,00	0,00	0,00	0,00	0,00
Other expenses	0,00	0,00	0,00	0,00	0,00
Financial results before taxation: profit	5927,72	9812,78	6354,40	7135,48	11060,53
Loss	0,00	0,00	0,00	0,00	0,00
Net profit	4860,73	8046,48	5210,61	5851,09	9069,63
Loss	0,00	0,00	0,00	0,00	0,00

Source: developed by the author on the basis of [8; 9; 10; 11; 12]

APPENDIX C

Contract № 01/03/19-01

Kyiv

« 1» March 2019

Limited Liability Company "KYIV BIO KLIMAT", hereinafter - "Seller", represented by the director "Ilchyshyn Alexander Mikhailovich, which operates on the basis of the statute of 23.04.2014 №50 / D and is a payer of income tax on general terms , on the one hand, SIA "Rimi Latvia", hereinafter referred to as the "Buyer", represented by the Director Didzis Kirstuks, acting on the basis of the Articles of Association, on the other hand, each- Party and the Parties- together, The Contract (hereinafter referred to as the Contract) is as follows:

1. SUBJECT OF THE CONTRACT

1.1. In accordance with this Contract, the Seller undertakes to manufacture and supply, and the Buyer accepts the ownership of Compressor equipment (hereinafter - the Goods) in the amount of 100 peaces, and at a price of 1132 US dollars / unit.

1.2. The total amount of the Contract is \$ 113,000 (one hundred and thirteen thousand US dollars)

1.3. The Goods are delivered in batches in quantities and assortments in accordance with the Specifications to the Contract, which are signed by the Parties for each batch and are integral parts of this Contract. The specifications for the Goods are provided by the Seller to the Buyer at the time of his order and must contain the following information:

1.3.1. Name, cost, quantity and nomenclature of the Goods;

1.3.2. Delivery terms;

1.3.3. Technological characteristics of the Goods (size, weight, etc.);

1.3.4. Name of DSTU (GOST) or technical conditions (TU) for the Goods;

1.3.5. Terms of use and storage, warranty period of shelf life and storage;

1.3.6. Name of the manufacturer of the Goods.

1.4. The seller guarantees that the goods belong to him on the right of ownership, does not leverage under the prohibition of alienation, is not the subject of collateral and other means of securing the fulfillment of obligations to any natural or legal persons, government agencies and the state, and is not the subject of any any other obligation or restriction provided by the legislation in force in Ukraine.

1.5. The Seller confirms that the conclusion and execution of this Contract does not contradict the norms of the legislation in force in Ukraine and meets its requirements (in particular, obtaining all necessary permits and approvals), and also confirms that the conclusion and execution of this Contract does not contradict the purposes of the Seller. , the provisions of its constituent documents or other local regulations (internal).

1.6. Goods delivered under this Contract must be shipped by the Seller in such a way that at the time of delivery there is not less than 50% of its warranty period of shelf life and storage, but not less than the warranty period specified in paragraph 6.2. contract.

2. OBLIGATION OF THE PARTIES

2.1. The seller must:

2.1.1. Deliver the Goods in time agreed by the Parties;

2.1.2. Deliver the Goods under the terms of this Contract;

2.1.3. When transferring the Goods (simultaneously with it), to transfer to the Buyer:

- consignment note (if necessary);

- expense invoice signed by the authorized representative of the Seller and sealed by the Seller; - certificate (passport) of quality (conformity) for the Goods.

If the current legislation of Ukraine provides for the transfer of additional (other) documents for goods of this kind, the Seller is obliged to provide such documents to the Buyer when transferring the Goods without additional requirements of the Buyer.

2.1.4. In response to Art. 201 of the Tax Code of Ukraine the Seller is obliged to register boat invoices, calculations of adjustments of quantitative and cost indicators to the tax invoice provided to the Buyer, in the Unified state register of tax invoices in the order and within the term provided by the current legislation for such registration. After receiving the delivery report and the receipt confirming the registration (acceptance) of the tax invoice in the Sydney Register of Tax Invoices. The Seller sends such tax invoice to the Buyer in electronic form by means of telecommunication.

Sending registered tax invoices to the Buyer. The seller carries out no later than the day following the day of receipt of the receipt of registration of the tax invoice, but not later than 14 (fourteen) days from the date of issuance of the tax invoice / adjustment of the tax invoice. The parties recognize that the tax invoice and / or adjustment of tax invoices issued, registered and sent to the Buyer in the line specified in this paragraph, is the original, has full legal force, must be kept and can be used as evidence in court.

The Parties confirm that this sub-clause of the Contract is a requirement to provide a tax invoice and additional requirements from the Buyer within the meaning of fl. 201 of the Tax Code of Ukraine is not required. Failure to register and / or refuse to register such a tax invoice in the Sydney Register of Tax Invoices and / or its failure to provide within the above period shall be deemed to be a refusal of the Seller to provide a tax invoice.

Irrespective of the terms of payments under this Contract, provided by other provisions of the Contract, the Buyer pays 30% of the value of the delivered Goods, only if the Seller provides the Buyer with a VAT invoice drawn up in electronic form subject to registration in the manner prescribed by law, electronic signature of the person authorized by the payer (Seller), and registered in the Unified Register of tax invoices - within the period specified in paragraph 5.3. of this Contract, after the Seller fulfills the relevant obligations under paragraph 201.1 of Art. 201 of the Tax Code of Ukraine and this clause of the contract.

In the event of one of the following cases:

- non-recognition by the central body of executive power, which implements the state tax policy, as part of the buyer's tax credit of the amount of VAT specified in the tax invoice, the calculation of the adjustment of quantitative and cost indicators to the tax invoice provided by the Seller;
- lack of registration of the tax invoice, calculation of adjustment of quantitative and cost indicators to tax invoice, in the Unified Register of Tax Invoices, for more than 180 days from the date when such invoice was to be drawn up;
- registration of the tax invoice, calculation of adjustment of quantitative and cost indicators to the tax invoice, after the terms established by this clause of this Contract;
- registration of the tax invoice, calculation of adjustment of quantitative and cost indicators to the tax invoice with violations of requirements of the current legislation of Ukraine;
- numbers, date of the tax invoice, calculation of adjustment of quantitative and cost indicators to the tax invoice. The Seller is obliged to pay the Buyer a penalty in the amount of double the amount of VAT specified in such tax invoice, calculation of adjustment of quantitative and cost indicators to the tax invoice for each case of violation.

2.2. The buyer must:

2.2.1. Accept and pay for the Goods in a timely manner and in full.

3. DELIVERY AND QUALITY OF GOODS

3.1 The Seller undertakes to deliver the Goods within 30 calendar days from the date of accrual of the prepayment from the Buyer.

3.2. Delivery of the Goods under this Contract is carried out by sea transport on the terms of CIF (Riga), in accordance with the requirements of the International Rules on the Interpretation of the Terms "Incoterms" (as amended in 2010), which apply subject to the specifics of this Contract.

3.3. Delivery of the Goods is carried out in batches on time according to the specification signed by the parties.

3.4. The Seller is obliged to send (by fax or E-mail) a notice of readiness of the goods for shipment 1 week before the scheduled date of shipment to the Buyer of a copy of the following documents:

- Proforma - Invoice
- Packing list.

3.5. Container / packaging of the Goods must ensure its safety during storage or transportation. The cost of packaging / packaging / labeling of the Goods is included in the price of the Goods and is non-refundable, unless otherwise specified in the delivery specifications.

3.6. The quality of the Goods and the packaging of the Goods must meet the requirements of the regulatory documents of Ukraine for this Goods and meet the technological characteristics specified in the Specifications.

3.7. The buyer can take samples of Topy (to test samples for compliance with regulations) at any time. The Buyer must notify the Seller (by mail / e-mail / e-mail / fax) no later than two days before the date of sampling of the need for the Seller's representative to arrive at the Buyer's construction site within the period specified in the notice.

3.8. If the selected samples of the Goods by the Buyer in terms of quality do not match the data of the documentation confirming the quality of the Goods and / or laboratory tests of the Seller, it is considered in accordance with the terms of this Contract that the final results are the results obtained by the Buyer. on a construction site.

3.9 Ownership of the Goods, as well as the risks of loss and damage to the Goods passes from the Seller to the Buyer from the moment of transfer of the Goods to the Buyer in accordance with the agreed terms of Incoterms.

4. COST OF GOODS

4.1. The unit cost of the Goods and the total value of the entire quantity of the Goods shall be determined in the Specifications signed by the Parties which are integral parts of the contract. The total value of the Goods must contain two decimal places. It is not allowed to use more than two decimal places for cost indicators in expenditure and tax offsets. The cost of the Goods includes delivery of the Goods to the Buyer's facility. In case of reaching an agreement on the change in the value of the Goods, the Parties sign an Additional Agreement to the Specification, which fixes the new unit value of the Goods and the total value of the entire quantity of the Goods, taking into account the changes. Changing the value of the Goods for the supply of which the Parties have signed the Specification - is not allowed.

5. PROCEDURE OF SETTLEMENTS BETWEEN THE PARTIES

SIA "Rimi Latvia", within 15 (fifteen) calendar days after the signing of the Contract by the Parties makes an advance payment of 30% of the value of the Contract by bank transfer to the account of the Seller. The final payment in the amount of 70% of the total value of the Goods is made within 15 (fifteen) calendar days from the date of receipt by the Buyer from the seller of the notice of readiness of the Goods for shipment and invoice. by transferring funds to the current account of the Seller specified in the contract details.

5.3. All costs in the territory of the Buyer's country are paid by the Buyer, in the territory of the Seller's country - by the Seller.

5.4. The date of payment under this Contract is the date of crediting funds to the current account of the Seller.

6. CONTRACT PERFORMANCE PROCEDURE. TERMS OF TRANSFER AND ACCEPTANCE OF GOODS

6.1. The Seller shall guarantee the quality of the Goods within 60 months from the date of delivery, provided that the Buyer complies with the Seller's instructions on storage, packaging and

use of the toilet, if such instructions are provided by the Seller to the Buyer in writing in Ukrainian. The Seller guarantees that the Goods delivered under this Contract are manufactured in accordance with the standards and technical conditions.

6.3. If during the warranty period specified in paragraph 6.2. Under the Contract, the Goods are found to be defective or do not meet the technical characteristics specified in the technical documentation for the Goods. The Seller is obliged in accordance with the provisions of clause 6.5. - item 6.11. Contract to replace defective Goods with Goods of appropriate quality.

6.4. In case of elimination of defects of the Goods or replacement of defective Goods, the warranty period is extended by the amount of time spent on it.

6.5. In the presence of comments on the quantity and / or quality of the Goods, the Buyer informs (by mail / e-mail / e-mail / fax) the Seller about them in order to take measures to draw up a Non-Conformity Act. The Goods are recognized as low-quality - their valuable use according to the functional purpose is impossible.

6.6. The Seller is obliged to notify the Buyer of the receipt of the information specified in clause 6.5. of this Contract, by sending a scanned copy of the letter to the e-mail address or fax of the Seller, specified in the details of the Contract, signed by the head (the letter is sent to the Buyer in the original) with notice The authorized representative of the Seller must arrive at the Buyer's warehouse no later than 3 (three) days from the date of receipt of the information specified in clause 6.5. of this Contract.

6.7. No notification from the Seller about receiving the information specified in clause 6.5. of this Contract, within 5 (five) working days from the moment of sending the information to the Seller or non-arrival within 3 (three) working days from the moment of receiving the notice or receiving the notice from the Seller with refusal to send the representative is indisputable recognition and the basis for the application of the provisions of paragraph 6.8. of this Contract. The act of non-compliance is drawn up and signed by a representative of the Buyer with the involvement of representatives of a competent independent organization.

6.8. In case of detection of improper quality or quantity upon acceptance of the Goods, the Seller is obliged to replace the defective Goods or deliver the Goods within 14 (fourteen) days after the Buyer's request or from the date of receipt by the Seller of the Buyer's certified copy. Export of substandard Goods is carried out by forces and at the expense of the Seller.

6.9. In case of payment for the Goods was made by the Buyer before the discovery of defects in quantity and / or quality of the Goods and failure to deliver or replace defective Goods by the Seller within the period specified in paragraph 6.8. of this Contract, the Seller is obliged to return the amount received for this Goods within 10 (ten) days from the date of receipt of a written request for a refund from the Buyer

6.10. If the payment for the Goods has not been made by the Buyer before the detection of defects in quantity and / or quality of the Goods and failure to deliver or replace the quality Goods by the Seller within the period specified in paragraph 6.8. of this Contract, the Buyer has the right not to pay for the Goods delivered in violation of the terms of this Contract in terms of quantity or quality.

6.11. In the event that the Seller has re-allowed the delivery of Goods of inferior quality and / or in smaller quantities than stipulated in the relevant annexes to the Contract, the Buyer has the right to unilaterally terminate this Contract..

7. RESPONSIBILITY OF THE PARTIES

7.1. The Parties shall be liable for non-performance or poor performance of their obligations under this Contract in accordance with this Contract and the current legislation of Ukraine.

7.2. For delay in delivery or delivery of the Goods specified in the Agreement or in the Specification, which is an integral part of the Contract, as well as non-performance and / or improper performance by the Seller of the obligations under paragraphs 6.8.-6.10. and item 7.5. of this Contract, the Seller at the request of the Buyer is obliged to pay a penalty of 0.3% of the

value of late delivered / replaced / undelivered Goods for each calendar day of delay in delivery / replacement / delivery of the Goods.

7.3. For delay of delivery or delivery of the Goods specified in the Contract or in the Specification, and also delay of performance by the Seller of the duties provided by items 6.8.-6.10. and item 7.5. of this Contract, for a period of more than 10 (ten) calendar days, the Seller is obliged to pay the Buyer at his request in excess of the penalty provided for in clause 7.2 of the Contract, a penalty of 20% of late delivered / not replaced / undelivered Goods.

7.4. In case of violation by the Seller of its obligations, the Buyer according to p.7.2.-7.3. of this Contract deducts the amount of penalties and fines and sends the Seller a written notice demanding their voluntary payment. The Buyer has the right to reduce the amount of payments for the Goods by the amount of accrued penalties and fines. Accordingly, the amount of payments due to the Seller for the delivery of the Goods is transferred and reduced.

7.5. In case the Buyer discovers by conducting an independent examination of the Goods that do not meet the quality declared according to the certificate (passport) of quality (conformity) of the manufacturer, the Buyer has the right to demand return of all defective goods to the Seller and demand return of funds paid for such Goods within 10 (ten) banking days from the date of receipt by the Seller of the request to return the Goods. Export of such Goods from the territory of the Buyer is carried out by forces and at the expense of the Seller within one working day from the moment of receipt by the Buyer of the means which have been paid.

7.6. In case of violation of the payment deadline for the delivered Goods, the Buyer is obliged to pay the Seller a penalty in the amount of double the discount rate of the NBU, which was in effect at the time of overdue payment, from the overdue amount for each day of overdue payment.

7.7. Payment by the Parties of penalties and / or compensation for damages incurred by the Seller or the Buyer does not release the Parties from the obligations under this Contract.

7.8. The Parties agree that all probable claims under the Contract shall be considered by the Parties within 15 (fifteen) business days of receipt of the claim.

8. FORCE MAJOR

8.1. The Parties shall be released from liability for partial or complete non-performance of obligations under this Contract if it was the result of force majeure circumstances arising after the signing of the contract as a result of extraordinary events that the parties could neither foresee nor prevent by reasonable means (force majeure). .

8.2. Circumstances of force majeure (force majeure) include boats, which the parties can not influence, and for the occurrence of which are not responsible. Such circumstances may include: lodges, natural disasters, accidents, catastrophes, war, military operations of any kind, civil unrest, blockades, strikes, export or import bans, government decisions or management decisions that have led to the impossibility of this Contract.

8.3. The party for whom it has become impossible to fulfill the obligations under the contract must notify the other party in writing within ten calendar days of the occurrence or termination of force majeure. Failure to notify the occurrence or termination of force majeure deprives the party of the right to refer to them.

8.4. Certificates issued by the Chamber of Commerce and Industry or other documents issued by other competent authorities shall serve as appropriate evidence of the existence of force majeure circumstances and the duration of their validity..

8.5. If force majeure lasts for more than 30 calendar days, the Parties shall have the right to terminate this Contract. Thus the Parties are obliged to carry out mutual settlements.

9. RESOLUTION OF CONTROVERSIAL ISSUES

9.1. All disputes related to this Contract, its conclusion or those arising in the course of fulfilling the terms of this Contract shall be resolved through negotiations between the representatives of the Parties.

9.2. If the dispute cannot be resolved through negotiations, it shall be resolved in court, in accordance with the established jurisdiction and jurisdiction of such dispute in the manner prescribed by the relevant legislation in force in Ukraine..

10. CONFIDENTIAL INFORMATION

10.1. Any information about the activities of one of the Parties to this Contract that becomes known to the other Party to this

Of the Contract in connection with the signing and / or performance and / or termination of this Contract, as well as this Contract and all appendices, additions and changes to it are confidential information (hereinafter - Confidential Information).

10.2. Confidential information may not be disclosed by either Party to this Contract for review and / or use by third parties without the prior written consent of the other Party.

10.3. Each of the Parties undertakes to notify the State authorities of Ukraine when providing Confidential Information that the information provided is confidential and may not be disclosed to third parties..

11. TERMS OF CONTRACT PERFORMANCE. MISCELLANEOUS

11.1. This Contract shall enter into force upon signing by the authorized representatives of the Parties and affixing their signatures with the seals of the Parties and shall be valid until 03.03.2020. This contract is automatically extended for the period necessary for the Parties to fully perform their obligations under this contract. The expiration of the Contract does not release the Parties from mutual settlements on the performed until the termination of the Contract obligations, as well as from the payment of penalties (if any) for breach of obligations under the Contract.

11.2. Neither Party has the right to transfer its rights and obligations under this Contract to third parties without the written consent of the other Party..

11.3. Upon signing this Contract, all preliminary negotiations, correspondence, preliminary agreements and protocols of intent on matters relating in one way or another to this Contract shall cease to have legal force. The Parties agree that prior to the exchange of the Contract's originals, its faxed copies shall have the force of the original.

11.4. Amendments to this Contract may be made by mutual consent of the Parties, which is formalized by an additional agreement to this Contract.

11.5. Amendments and supplements, additional agreements and annexes to this Contract shall be an integral part thereof and shall have legal force if they are set out in writing and signed by authorized representatives of the Parties..

11.6. The Contract may be terminated early in case any of the parties fails to fulfill its obligations under the Contract. In this case, the Party shall notify the other party in writing of the termination of the Contract 15 days before the date of termination. In any case, early termination of the Contract, the Parties are not released from the obligations and settlements that arose before the termination of the Contract. The Contract may be terminated by the Buyer unilaterally by sending a written notice of termination of the Contract to the Seller 30 days before the scheduled date of termination. In any case, early termination of the Contract, the Parties are not released from the fulfillment of obligations and settlements that arose before the termination of the Contract.

11.7. The Contract shall be deemed terminated or amended from the date of signing by the Parties of the Additional Agreement to this Contract on its amendment or termination..

11.8. If the central executive body that implements the state tax policy (by drawing up a notice-decision, inspection report, certificate, making adjustments to the personal account of the Buyer as a taxpayer, in another way), and / or a court decision (decision) will be reduced tax credit of the Buyer with VAT on tax invoices of the Seller, reduced tax costs of the Buyer on the value of goods purchased from the Seller, added Buyer's taxes, fees, mandatory levies, penalties charged to the Buyer for violation of tax laws or the court the state obtained under the agreement declared invalid, and this will be due to:

- cancellation (cancellation) of the state registration of the Supplier;

- or exclusion of the Seller from the register of value added taxpayers;
- or economic relations of the Seller and / or its counterparties with the enterprises which have signs

fictitiousness, which is recorded in the acts of inspection of the state tax service or the decision (resolution) of the court;

- or improper accounting and / or tax accounting, untimely, improper, incomplete submission of the necessary tax reporting to the tax authorities;
- or establishment by the tax authority or court of invalidity (including invalidity) of the agreement concluded between the Buyer and the Seller or the Supplier and its counterparty;
- or recovery in the income of the state of all received by the Buyer under the invalid agreement concluded between the Buyer and the Seller;
- or any facts related to the violation by the Seller and / or its counterparties of tax legislation, the Seller undertakes within 3 (three) calendar days from the date of sending the Buyer to the Seller at its location (specified in this Agreement) cash in the amount equal to the amount by which the Buyer has reduced the VAT tax credit, reduced tax costs, accrued taxes, fees, mandatory payments, accrued penalties, collected in state revenue received under the agreement declared invalid - hereinafter "Payment".

In the event of the Buyer's indebtedness to the Customer and the failure of the Purchaser within the period specified above, its obligations under the Payment - Payment shall be made by offsetting counter homogeneous claims at the expense of funds payable by the Buyer to the Seller with any monetary obligations. obligations (with the obligatory written notice of the Seller at its location specified in this Contract)..

If the act (action) of the central executive body that implements the state tax policy, or court decisions (which served as the basis for payment obligations) are subsequently declared illegal and revoked (in whole or in part), the Buyer is obliged to return to the Seller the funds received from him as a Payment in the appropriate amount (proportionally, depending on the part of the act / action / decision declared illegal, canceled, changed). In this case, if the Buyer was actually charged to the budget the amount of additional taxes, fees, penalties, the value received under the agreement, the refund to the Seller is made only after their actual receipt by the Buyer from the budget and only in the amount returned from the budget.

11.9. The Seller undertakes to immediately (but not later than three working days from the date of the relevant circumstances) in writing with the provision of appropriate supporting documents to notify the Buyer of the occurrence of changes:

- reorganization of the enterprise (merger, acquisition, division, transformation, separation) or decision-making on the beginning of the process of merger; with the provision of a copy of the Charter in a new edition and an extract from the Unified State Register (for reorganization), an extract from the Unified State Register with information about the process of termination;
- change of name, change of legal address; with the provision of an extract from the Unified State Register and copies of new tax certificates / extracts from the register of value added taxpayers;
- change in the status of the taxpayer, including VAT; with copies of the relevant tax certificates / extracts from the register of value added taxpayers;
- making any changes to the Charter regarding the powers of the head; with a copy of the Charter in a new edition;
- change of head; with the provision of a protocol on the appointment of a new head, an extract from the Unified State Register, a copy of the passport of the new head;
- change of the person authorized to conclude contracts / agreements; with a copy of the power of attorney issued to such a person and a copy of the passport;
- change of the person authorized to sign tax invoices with a copy of the new order and power of attorney for such a person;
- change of the person authorized to sign primary accounting documents (including TTN) with the provision of a copy of the new order and power of attorney for such person.

For each case of non-compliance with the terms of this paragraph, the Seller undertakes to pay a penalty in the form of a fine of \$ 5,00.00. US (five hundred dollars). If as a result of violation by the Seller of the terms of this paragraph and failure to provide relevant documents by the central executive body that implements the state tax policy (by issuing relevant tax notices-decisions, certificates, inspections or otherwise), and / or decision (resolution) the court will reduce the VAT tax credit on the relevant tax invoices, reduce tax costs and, accordingly, accrue taxes and fees or other mandatory payments, accrued penalties for violations of tax laws, the Supplier undertakes to reimburse the Buyer in the form paid by the Buyer above the amounts within 3 bank decks from the moment of sending the claim by the Buyer with supporting documents.

11.10. All legal relations arising in connection with the fulfillment of the terms of this Agreement and not regulated by it shall be regulated by the legislation in force in Ukraine.

11.11. This Agreement is drawn up in Ukrainian and English in 2 copies, one for each of the Parties, each of which has the same legal force.

11.12. The parties agreed that the documents transmitted by facsimile are valid until the receipt of the originals of these documents.

12. DETAILS AND SIGNATURES OF THE PARTIES

<p>Seller: KYIV BIO KLIMAT LLC 02660, Kyiv, street Viscosna, 8b USREOU code 40091418 TIN 254123610155 St. VAT payer N9 100336712 Tel. (093) 9017199 R / r 26001473883 in JSC "Raiffeisen Bank Aval" in Kyiv, MFO 380805</p>	<p>Shopper: SIA Rimi Latvia Address: A. Deglava street 161, Riga, LV-1021 United Reg.No. 40003053029 VAT max code: LV 40003053029 AS SEB banka Cont. tel. +371 8 000 0180 E-mail: info.lv@rimibaltic.com</p>
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Ільчишин О. М.



**№1 Specification
 to the Supply Agreement № 01/03 / 19-01 dated March 1, 2019.**

Kyiv

« 1 » March 2019

Limited Liability Company "KYIV BIO KLIMAT", hereinafter - "Seller", represented by the director "Ilchysyn Alexander Mikhailovich, which operates on the basis of the statute of 23.04.2014 №50 / D and is a payer of income tax on general terms , on the one hand, and SIA "Rimi Latvia", hereinafter referred

to as the "Buyer", represented by the Director Didzis Kirstuks, acting on the basis of the Articles of Association, on the other hand, each- Party and the Parties- together, The Contract (hereinafter referred to as the Contract) is as follows:

Under the terms of the Supply Contract No. 01/03 / 19-01 of "1" March 2019. The Seller undertakes to deliver the Goods to the Buyer at the prices and in the quantity specified below:

Name of goods	Unit	Quantity ЦiHa,	Price dollars US per unit	Sum dollars USA
Compressor equipment	piece	100	1132,00	113 000,00
Total, \$				113 000,00

2. Delivery time: thirty banking days from the date of signing by both parties of this specification.

3. Delivery of goods is carried out on the terms: CIF (Riga in the wording of the official rules of interpretation of trade terms Incoterms - 2010 (INCOTERMS-2010).

4. Terms of payment: 30% subscription and 70% after loading on the main mode of transport in the border checkpoint.

5. The warranty period for the Goods is 12 calendar months from the date of signing by both parties of the invoice for this Goods.

6. This specification is drawn up in duplicate in the Ukrainian and English languages, one for each of the Parties having the same legal force.

<p>Seller: KYIV BIO KLIMAT LLC 02660, Kyiv, street Viscosna, 8b USREOU code 40091418 TIN 254123610155 St. VAT payer N9 100336712 Tel. (093) 9017199 R / r 26001473883 in JSC "Raiffeisen Bank Aval" in Kyiv, MFO 380805</p>	<p>Shopper: SIA Rimi Latvia Address: A. Deglava street 161, Riga, LV-1021 United Reg.No. 40003053029 VAT max code: LV 40003053029 AS SEB banka Cont. tel. +371 8 000 0180 E-mail: info.lv@rimibaltic.com</p>
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APPENDIX D

Table

The cost of opening a distribution office in Hungary (preliminary data)

№	Expense item	Expense, thousand UAH
1	Rental	400
2	The amount of taxes	100
3	Infrastructure costs	200
4	At staff costs	200
5	Other expenses	250
	Total	1 150

Source : Made by author on information of entity