

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

FINAL QUALIFYING PAPER

on the topic:

"Management of financial sustainability of the enterprise"

(based on materials limited liability company "ASTOR and Co.", Kyiv)

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ABSTRACT

Tykhomyrova M.A. "Management of financial sustainability of the enterprise" (based on the materials of LLC "ASTOR and Co.", Kyiv)

Final qualifying paper on the specialty 051 "Economics", specialization "Financial management". – Kyiv National University of Trade and Economics. – Kyiv, 2018.

The final qualifying paper is devoted to theoretical, methodological and practical aspects related to effective financial sustainability management of the enterprise.

Key words: sustainability, efficiency, management

АНОТАЦІЯ

Тихомирова М.О. "Управління фінансовою стійкістю підприємства" (за матеріалами ТОВ «АСТОР І КО», м. Київ)

Випускна кваліфікаційна робота за спеціальністю 051 "Економіка", спеціалізація "Фінансовий менеджмент" – Київський національний торговельно-економічний університет – Київ, 2018.

Випускну кваліфікаційну роботу присвячено теоретичним, методичним і практичним аспектам пов'язаних з ефективним управлінням фінансовою стійкістю підприємства шляхів її підвищення.

Ключові слова: фінансова стійкість, ефективність, управління

INTRODUCTION

Actuality of theme. In conditions of market transformation of the economy, the activity of enterprises is subject to the influence of complex external and internal factors. The use of traditional approaches to the definition, analysis and forecasting of indicators of the financial state of the enterprise becomes insufficient. Accordingly, management personnel of the organization need to look for new, modern methods for determining a number of financial indicators, mainly financial sustainability. Today, the financial analysis of the company's operations is an important component of financial management, which is a mechanism for managing the finances, including the finances of the enterprise, which necessitates a financial analysis of the company's activities. The financial analysis of the enterprise's activity allows us to determine whether the company is able to provide fixed and working capital payments, that is, the firm is stable from the financial point of view.

The study of issues of improving financial security, in particular, creating conditions for financially sustainable business entities is devoted to the scientific works of such authors as M.M. Aleksandrov, L. E. Basovsky, V.A. Vasilenko, N. D. Glazko, A. I. Goncharova, I. V. Demyanenko, N. P. Dubrova, L. A. Kostyrko. Espite a large number of works devoted to the problems of evaluation and management of financial sustainability of enterprises, there is practically no development in the formation of a holistic process of managing it in modern conditions, which determines the actualization of research in this direction.

Purpose of work is to study of financial sustainability of the enterprise and directions of its strengthening.

Based on the purpose of work, the following **tasks** are set:

- to formulate the economic essence of the concept of financial sustainability and its determinants;
- to describe methodological principles of management of financial sustainability of the enterprise;

- to substantiate methodological approaches to the estimation of financial sustainability of the enterprise;
- to analyze the dynamics of volumes and structure of assets of the enterprise and the sources of their formation;
- to analyze the financial sustainability of the enterprise and the factors that determine it;
- to evaluate the effectiveness of managing financial sustainability of the enterprise;
- to substantiate the need of the enterprise in the assets and sources of their formation in the planned period;
- to carry out a prognostic assessment of financial sustainability of the enterprise;
- to substantiate measures to improve the management of financial resources of the enterprise.

The object of the study is the process of evaluating the financial sustainability of the enterprise.

The subject of the study is theoretical, methodological and practical basis for the analysis of financial sustainability of the enterprise.

The empirical base of the research was the LLC «ASTOR and Co.», whose main activities are: concrete production; production of concrete solutions; production of blocks and bricks from cement; cargo services.

The theoretical and methodological basis of the study was the literature sources on relevant topics, analytical articles of branch journals, monographs and textbooks on the finances of the enterprise, analysis of financial condition and financial management. The information base of work is the primary, statistical and financial reporting of the enterprise of LLC «ASTOR and Co.»

Research methods. In the process of research, the following methods were used: the methods of theoretical synthesis, analysis and synthesis - to clarify the essence of the concept of "financial sustainability of the enterprise"; methods of statistical analysis - for studying the financial condition of the enterprise; systematic

method - to justify recommendations for improving the financial state of the enterprise; methods of economic analysis, synthesis, comparison, analogy - for assessing the values of the investigated indicators; graphic method - for visual representation of statistical material and a schematic image of a number of theoretical and practical provisions of the study.

Scientific novelty of the obtained results consists in substantiation of theoretical aspects, development of methodological and practical provisions concerning improvement of financial sustainability of LLC "ASTOR and Co.".

The practical value of the results. Practical value of the obtained results of the thesis is the possibility of increasing the financial potential of LLC «ASTOR and Co.» in order to ensure financial security, effective adaptation to external changes and trends.

Approbation. According to the results of scientific research published an article in the collection of scientific works of the masters of the KNUTE "Economics and Finance of the Enterprise" (Kyiv: Kyiv National University of Trade and Economics, 2018. p.1) on the topic "Financial stability of the enterprise as a fundamental factor in the successful development of business".

Structure of the paper. The logic of the study led to the structure of the thesis: cover sheet, task for graduation work, abstract, introduction, chapters, conclusions, references, appendices.

CHAPTER 1

THEORETICAL PRINCIPLES OF FINANCIAL SUSTAINABILITY MANAGEMENT OF THE ENTERPRISE

1.1 The economic essence of financial sustainability concept and factors of its determining

Financial sustainability is the main component of economic sustainability of the enterprise, through which the company is able to provide marketing and personnel sustainability, promote the development of industrial and technological and technological sustainability, maintain investment sustainability, improve the efficiency of the management process. It is worth noting that the financial sustainability of the enterprise becomes a guarantee of its stable functioning and development. Financial sustainability is one of the main conditions of life, development and maintenance of a high level of competitiveness of the enterprise. It is financial sustainability of the enterprise that characterizes the efficiency of operational, financial and investment development, contains the necessary information for investors, and also reflects the ability of the enterprise to meet its debts and obligations.

M. S. Abrutina and A. V. Grachev define the "financial sustainability of the enterprise" as a firmly guaranteed solvency, independence from the randomness of the market situation and the behavior of partners [6, p. 97]. The scholars of the economic direction A. M. Podderyogin and L. Yu. Naumov consider financial sustainability from the point of view of the company's ability at its own expense to provide reserves and expenses, prevent unreasonable receivables and payables and timely settle liabilities [44, p. 214].

In contrast to previous scientists, R. V. Tatarinov believes that sustainability is the ability of one or another system to maintain certain properties and characteristics unchanged or almost unchanged [51, p. 250]. G. G. Melnyk believes that sustainability is expressed through the state and structure of the assets of the

organization, their provision by sources [39, p. 109]. I.O.Shkolnik and I.M. Boyarco hold the view that sustainability is a state of assets (liabilities) of an enterprise, which guarantees permanent solvency and can be timely calculated on its debts and liabilities [63, p. 98].

In our opinion, the most accurately and fully reveals the essence of the problem of financial sustainability of the enterprise G.V. Savitskaya, which analyzes the concept of "financial sustainability of the enterprise" as the ability of the entity to operate and develop, to maintain the balance of their assets and liabilities in a changing internal and external environment, which guarantees its constant solvency and investment attractiveness within the permissible level of risk [49, p. 247].

Thus, the views of Ukrainian economists regarding the interpretation of the concept of "financial sustainability" are presented in table.1.1.

Table 1.1

Definition of the concept of "financial sustainability" by Ukrainian scientists

Author	Definition of financial sustainability
M.S. Abryutin [6, p. 67]	the state of the enterprise, in which the size of its property (assets) is sufficient for the repayment of liabilities, that is, the enterprise is solvent
L. M. Alekseenko [7, p. 133]	is the compliance of the parameters of the enterprise's activity and the allocation of its financial resources to the criteria of a positive characteristic of the financial state
M. M. Alexandrova [8, p. 115]	the result of the formation of a sufficient amount of profit for enterprise development, which is the decisive feature of its economic independence
I. A. Blank [12, p. 54]	characterizes the degree of financial independence of the enterprise in terms of ownership of its property and its use. This degree of independence can be evaluated according to different criteria: level of coverage of material working capital (stocks) with stable sources of financing; solvency of an enterprise (its potential ability to cover urgent liabilities with mobile assets); the share of own or stable sources in the total funding sources

Continuation of Table 1.1

Author	Definition of financial sustainability
I. I. Priyamak [46, p. 414]	the ability of the enterprise to operate for a long period of time, obtaining sufficient capacity to replenish, dividend payment and stable profit growth, while providing an economically justified ratio of sources of financing and assets, as well as balanced income and cash flow, despite the influence of internal and external factors
Ya. M. Tkalenko [52]	a reflection of a stable excess of income over costs, which provides free maneuvering of the company's cash and through effective use of it contributes to the continuous process of production and sales of products
S.O. Tulchinskaya [54]	such financial and economic state of the enterprise, in which solvency maintains a tendency to sustainability, that is constant in time, and the ratio of own and borrowed capital is in the limits, which provide the solvency
M.S. Havanova [60, p. 230]	such a state of the financial resources of the enterprise, in which the rational disposal of them is a guarantee of the availability of own funds, stable profitability and ensuring the process of expanded reproduction
N.F. Chechetova [62, p. 15]	the state of assets and liabilities of the enterprise, which makes it possible to freely dispose of its own capital, cash and cash equivalents, effectively use all resources, provide a continuous process of production, commercial and financial activity, reproduction and expansion of production
V.A. Yankovskaya [64, p. 183]	generalizing qualitative characteristic of the financial state of the enterprise, reflects the tendencies of changes in financial relations at the enterprise under the influence of internal and external factors

Thus, summing up all of the above definitions, we can conclude that financial sustainability is the state of assets (liabilities) of an enterprise, which guarantees it a permanent solvency; characterizes the degree of financial independence of the enterprise, profitability, financial equilibrium over a long period, despite the influence of internal and external factors.

Financial sustainability of an enterprise is one of the most important characteristics of its financial condition, which is formed in the process of production and financial and investment activity. The analysis of financial sustainability allows us to determine the level of financial risk associated with the

formation of the structure of sources of capital, and, accordingly, the degree of sustainability of the financial basis of enterprise development in the long term. [36, p. 38].

Consequently, the consideration of many authors' approaches to determining financial sustainability makes it possible to determine that financial sustainability is viewed in the narrow sense as the ability of an enterprise to provide its activities or reserves and expenses at its own expense, and in broad sense, as a component of overall firm sustainability and a special financial position. Enterprises that have reached a constant level of financial sustainability do not depend on fluctuations in market conditions and significantly reduce the risk of bankruptcy. Therefore, at each enterprise it is necessary to form an effective system of prerequisites for ensuring financial sustainability and the main factors that affect its level. In order to achieve the required level of financial sustainability, it is necessary to effectively manage it.

Financial sustainability of the enterprise is formed under the influence of many factors:

- socio-economic and political sustainability in the country;
- the level of solvent demand;
- tax, financial, accounting, investment policy;
- situation in the supplier market;
- branch features, market type;
- enterprise size;
- the level of control system's flexibility;
- the level of conformity of products to consumer inquiries in quality and price;
- the state of the material and technological base of the enterprise, modernity of technologies;
- the state of property and financial resources, the degree of dependence on external creditors and investors;
- the efficiency of economic and financial transactions;
- level of management and security by highly skilled personnel;

- corporate culture;
- business reputation of the company;
- balancing internal capabilities with the impact of external threats, etc. [47, p. 131].

In order to systematize the factors of influence on financial sustainability, they are grouped according to the following classification grounds, given in the table 1.2

Table 1.2

Classification of factors influencing the financial sustainability of the enterprise [55, p. 212]

№	Classificationsign	Group of factors	Characteristic
1	2	3	4
1	The intensity of the interaction	Interconnected	Factors that are interrelated, that is, the realization of one factor determines the effect of another
		Невзаємопов'язані	Factors that are not interrelated
2	By the place of origin	Internal	Depend on the activity of the enterprise
		External	Not dependent on the activity of the enterprise
3	For the importance of the result	Basic	Significantly affect the financial sustainability of the enterprise
		Secondary	Insignificantly affect the financial sustainability of the enterprise
4	By the nature of influence	Extensive	The result of the influence of factors is the quantitative increase of the effective indicator
		Intense	The result of the influence of factors is a qualitative increase in the effective indicator
5	By the term of use	Current	The short-term financial sustainability of the enterprise can be fluctuated
		Perspective	The long-term financial sustainability of the enterprise can be fluctuated
6	By way of detection	Clear	Can be detected as a result of express analysis of financial and economic activity of the enterprise
		Hidden	Can be detected for in-depth analysis of financial and economic activity of the enterprise
7	By action time	Permanent	Factors whose nature of influence on the financial sustainability of the enterprise over time does not change significantly
		Removable	Factors whose nature of influence on the financial sustainability of the company is constantly changing

Continuation of Table 1.2

1	2	3	4
8	By degree of distribution	General	They operate in all branches of the economy
		Specific	They operate in a separate branch of the economy or enterprise
9	On the possibility of measuring impact	Measured	The impact of factors on the financial sustainability of an enterprise can be quantified
		Not measurable	The impact of factors on the financial sustainability of an enterprise can not be quantified
10	By structure	Simple	Factors can not be divided into separate elements
		Complex	Factors can be analyzed by elements
11	Behind the team	Subjective	Depending on the activities of legal entities and individuals
		Objective	Not dependent on the activities of legal entities and individuals
12	By the properties of the phenomenon	Quantitative	The factors reflect the quantitative certainty of events
		Qualitative	Factors determine the internal qualities, features and features of phenomena
13	By the level of the hierarchy	First order	Factors of direct influence on financial sustainability of the enterprise
		Second order	Factors indirectly affect the financial sustainability of the enterprise

The proposed classification can be used not only in the analysis of financial sustainability of the enterprise, but also in forecasting and determining the strategy of the subsequent development of the business entity. The financial sustainability of an enterprise can be determined by such indicators as: the coefficient of autonomy; coefficient of financial dependence; coefficient of concentration of attracted capital; debt ratio; coefficient of financial leverage; coefficient of maneuverability of own funds; long-term borrowing ratio; coefficient of financial sustainability; coefficient of financial risk; coefficient of collateral of current assets. In turn, O. V. Pavlovskaya [57, p. 214] focuses on the distinction between internal and external factors that affect the financial sustainability of the enterprise (Fig. 1.1).

It should be noted that internal and external factors are interconnected, but their impact on financial sustainability of the enterprise can be diverse, that is, some influence - positively, others - negatively. Therefore, the positive effect of a certain

factor can be reduced or completely eliminated by the negative influence of another, more weighty factor.

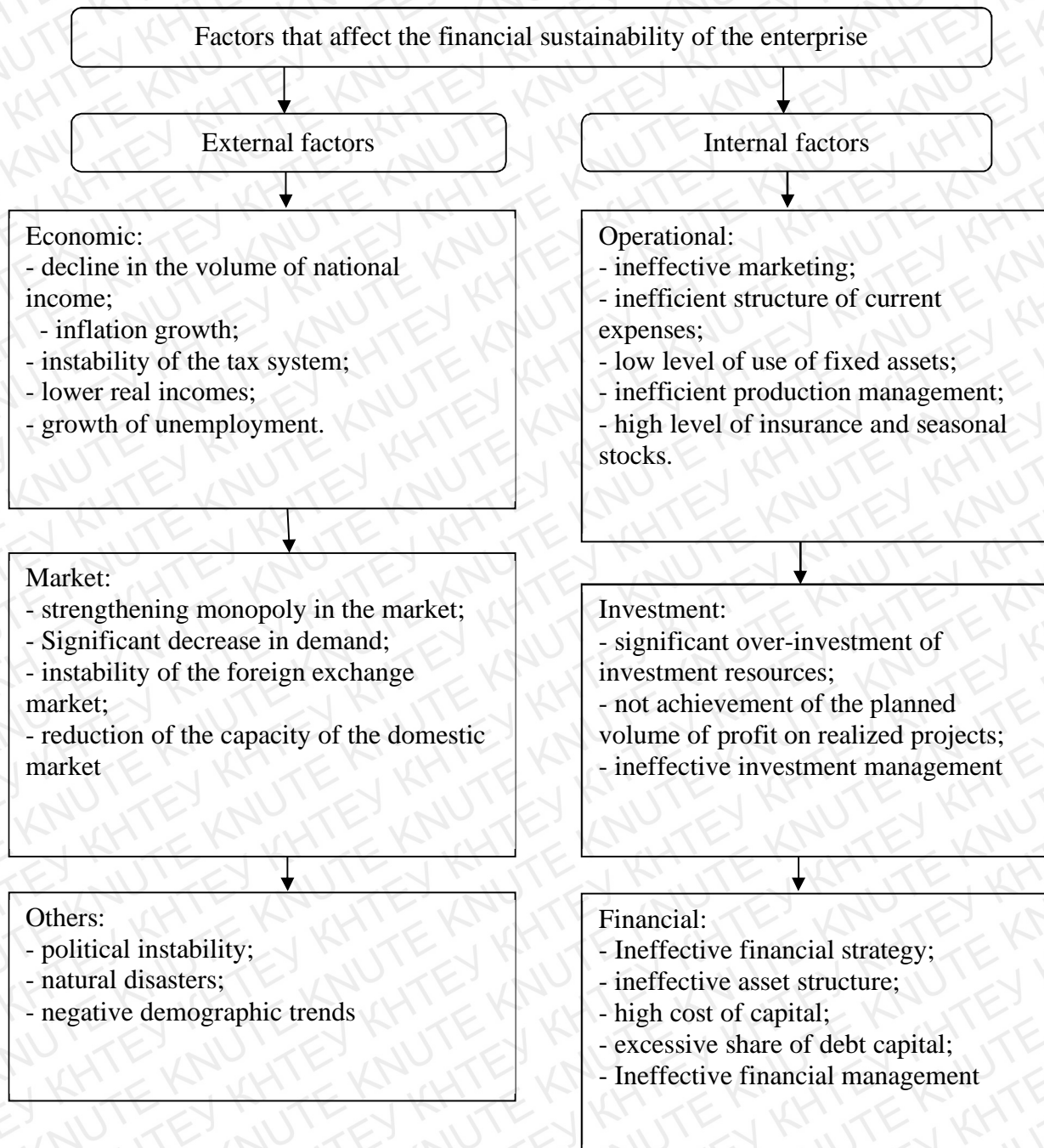


Fig. 1.1. Classification of factors influencing the financial sustainability of the enterprise [57, p. 215]

Financial sustainability of an enterprise is the ability of an entity to function and develop, to maintain the balance of its assets and liabilities in a changing internal

environment that guarantees its continuing solvency and investment attractiveness within the permissible level of risk [41, p. 168].

Therefore, taking into account the above, we can note that financial sustainability is a characteristic of an enterprise that reflects its ability to financially balanced development and achievement of the goals set, with the minimum allowable deviations from the planned, in spite of the influence of a dynamic environment in which there is uncertainty about future results and the riskiness of business processes. Under financially balanced development of the enterprise in this context it is expedient to allocate: satisfactory state of financial resources; free maneuvering of funds at a certain state of financial resources; provision of continuous operational, financial and investment activity of the enterprise, as well as expansion and updating of the relevant processes; provision of financial possibilities of the enterprise for changes of directions or components of activity according to the situation on the market, etc.

1.2. Methodological principles of management of financial sustainability of the enterprise

Prerequisites for ensuring financial sustainability of the enterprise is a system of principles and methods for developing and implementing managerial decisions related to ensuring the continual growth of profit, maintaining solvency and credit, maintaining financial equilibrium. Policy prerequisites for ensuring financial sustainability - a set of actions of management personnel of the enterprise, which is to ensure the sustainability of the financial state of the company in the long run due to high share of equity in the total amount of sources of financial resources of the enterprise [37, p. 138]. Most financial sustainability management companies focus today on solving short-term problems. In these conditions, the changes are changing tasks, priorities of activities, decisions, resulting in the imperfection of the structure

of indicators of financial sustainability, reducing its level. Therefore, the company must have a strategic precondition for ensuring financial sustainability.

In our opinion, the process of strategic preconditions for providing financial sustainability should be considered on the basis of economic principles that are adequate to the conditions and characteristics at different levels of economic activity. Given the economic opportunities of enterprises in a market environment, one can identify the principles of strategic preconditions for ensuring financial sustainability of the entity.

Taking into account the essence and principles of the provision of financial sustainability of enterprises, its strategic goals are formed. In particular, the strategic objectives of providing financial sustainability are more to the direction of strengthening the company's position in the industry, maintaining and improving its long-term competitive position in the market.

For the main purposes, the prerequisite for ensuring financial sustainability can be attributed:

- balance of assets and liabilities (ensuring equity capital adequacy, flexible capital structure, organization of capital movements);
- balance of incomes and expenses (ensuring a sufficient level of profitability, changing the structure of the cost structure of the economic process, increasing the volume of trade);
- balance of cash flows (ensuring solvency and self-financing, reducing receivables, providing creditworthiness [45, p. 55].

It is worth pointing out that in the system the main goal of the financial sustainability is to play an important role, since it defines the concept of enterprise development, the main directions of its business activity and serves as a benchmark in the context of market transformations.

The main objective of managing financial sustainability of an enterprise is to ensure financial security and sustainability of its operation and development in the current and future periods, which will eventually maximize the market value of a trading company. By ensuring financial sustainability with the use of a financial

mechanism, you can achieve the desired result only by combining the appropriately directed interaction of all its elements. To do this, he must meet these requirements:

- the determination of each element of the financial mechanism to fulfill its inherent load;
- direction of action of all elements of the financial mechanism, which ensures the interests of all subjects of financial relations;
- feedback of all elements of the financial mechanism of different vertical and horizontal levels;
- the timeliness of the reaction of elements of the financial mechanism of a higher level to changes that occur under the influence of elements of the lower level [56, p. 315].

Consequently, the main objective of ensuring the financial sustainability of an enterprise is to ensure the financial security and sustainability of the operation and development of the enterprise in the long-term perspective within the permissible level of risk. Accordingly, ensuring a high level of financial sustainability of the enterprise in the process of its development and functioning is ensured by the formation of an optimal and flexible capital structure, ensuring constant solvency and liquidity, balancing cash flows, providing credit, optimal asset structure and consistently stable excess of income over costs.

The views of scholars on the main goal of ensuring the financial sustainability are given in table.1.3.

As noted in his work by S. S. Grinkevich, the strategy of the prerequisite for ensuring financial sustainability must meet the requirements of anti-crisis management of the company's finances and provide for streamlining the circulation of working capital and optimize the structure of sources of their financing; to ensure timely updating of non-performing assets and high efficiency of their use; to guarantee the choice and implementation of the most effective ways to expand the volume of assets to provide development directions; to provide the necessary level of self-financing of its industrial development at the expense of profit, optimization of tax payments, effective depreciation policy; to provide the most effective

conditions and forms of attraction of borrowed funds in accordance with the needs of the enterprise [22, p. 112].

Table 1.3

The main tasks of the development of the prerequisite for ensuring financial sustainability, according to scientists [10, p. 65; 18, p. 191; 19, p.37]

Authors	The main goal
G. I. Bashnyanin I. V. Lintur	The purpose of ensuring the financial sustainability of the enterprise is to maintain its financial equilibrium, to avoid risks to investors and creditors, and to assess its indebtedness.
N. M. Gapak S. A. Kapshtan	The main goal of the mechanism for ensuring financial sustainability of the enterprise is to ensure the establishment of an effective system of interaction, which, on the one hand, has no unprofitable links that slow down the work of the company, and on the other - include all those connections, the absence of which would lead to violation of the given parameters.
N.D. Glazko O. I. Grubelyas	The main task of ensuring the financial sustainability of the enterprise is to ensure the optimal structure of its assets, which will enable solvency of the enterprise and, as a result, its financial sustainability.

The process of ensuring the financial sustainability of the company by individual scientists is organized in different ways. In fig. 1.2 Stages of the preconditions for ensuring financial sustainability of the enterprise are presented.

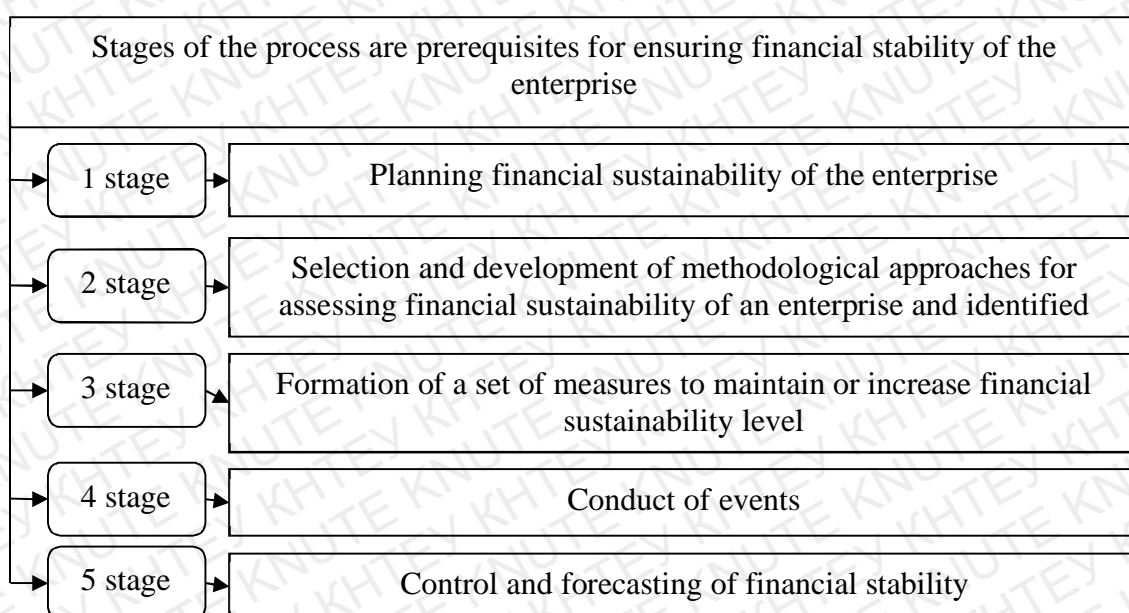


Fig. 1.2. Stages of the process of a preconditions for ensuring financial sustainability of the enterprise [31, p.272]

A common mechanism for financial sustainability development for each stage is the use of tools to ensure the financial sustainability of the enterprise. Consequently, financial sustainability is a qualitative characteristic of the financial condition of the enterprise and, of course, one of the main financial components of financial security, therefore, there is a need for further development of the mechanism of ensuring financial sustainability as part of the overall strategy of enterprise management.

So, we can say that the process of ensuring financial sustainability should be aimed at minimizing the negative impact of external and internal environment on the enterprise; creation of prerequisites for the effective implementation of planned actions. In order to achieve the required level of financial sustainability, it is necessary to effectively manage it. In general, management refers to the process of planning, organization, motivation and control necessary to formulate and achieve the goals of the organization, and activities related to the influence of the controlling entity on the managed object in order to achieve results.

Features of management of financial stability of the enterprise are determined by the subject and object of this management. At the same time, there are general principles of this management.

The basic general principle of management of financial stability of an enterprise is the principle of its target orientation. Therefore, the organization of the management of the financial sustainability of the enterprise must comply with the tree of its development goals. The general goal is to ensure the financial sustainability of the enterprise. Other objectives (second and third level) define the content of specific management functions necessary to achieve it. With this construction of the management of financial stability can be linked its general purpose with other objectives of enterprise management.

The second most important general principle of managing the financial stability of an enterprise is the principle of consistency, which defines it as an independent object of study, with specific measures and criteria for their evaluation, which differ

in their internal content and are determined by external and internal factors affecting the financial performance of the enterprise. The analysis of these measures should be carried out by collecting and evaluating diverse information on the production, economic and social activities of the enterprise. The principle of consistency requires a comprehensive analysis of all types of impact on the final result of managing the financial stability of an enterprise in various areas of its manifestation.

Improving the management of the financial sustainability of an enterprise requires, from our point of view, a change in the time frame in which its financial soundness is determined by strengthening its strategic focus. In addition, an important direction of this improvement is the strengthening of the role of indicators of financial stability, which are formed outside the enterprise (such as the level of capitalization) and characterize the risks of the enterprise activity [66]. They reflect the external and internal factors that influence the financial stability of the enterprise.

Consequently, the management of the financial sustainability of an enterprise should be considered as a systematic process of financial activity aimed at ensuring the ability of the enterprise to repay its obligations on time, to ensure the growth of discounted income and financial equilibrium [67].

Its improvement in modern conditions should, in our opinion, consist in the transformation of this management from an assessment of the current financial condition of an enterprise into an active tool for implementing its financial development strategy taking into account all the factors affecting it.

The use of these principles allows you to determine the systemic and local priorities of the financial sustainability of the enterprise, as well as the relationship between profit and profitability indicators.

It should be noted that we consider it useful to have a look at the management of financial stability from the point of view of management theory. Such a view forms a systematic approach to management procedures in the aggregate and allows us to formulate new requirements for well-established procedures arising from the

need to harmonize procedures within a single process for managing the financial sustainability of the production system.

Managing the financial sustainability of an organization can be solved by various methods. The first is the correction of the structure of sources of financing in the direction of increasing more stable and reducing the shortest, namely, accounts payable. The second is a reduction in the need for financial sources by getting rid of non-performing assets and speeding up the turnover of employees.

Specific measures that can be used by the organization:

- Increase in equity at the expense of retained earnings. Development of dividend policy to ensure the development of the organization at the expense of retained earnings.

- Increase of authorized capital by owners and third parties. Additional issue by closed or open subscription for joint-stock companies, attracting contributions of participants and third parties for limited liability companies.

- Providing organization of founder loans, preferably long-term. Formally, this measure does not improve the structure of the balance sheet, since it increases the organization's obligations, but in fact the stability of the business grows, as the funds of participants in the financing structure increase.

The fulfillment of the obligations of the organization by the owners, that is, the transfer of the organization's debt to its owners, the obligatory condition for this is the consent of the creditor to transfer the debt.

- Attraction of bank loans, preferably long-term.

- Issue of bonds.

- Termination of obligations by:

- the provision of compensation in return for the fulfillment of the obligation (payment of money, transfer of property, etc.), the amount, time limits and procedure for granting compensation in the form of are determined by the parties;

- exchange of claims for shares in the authorized capital in which the organization's creditors become its participants;

- novation of an obligation, in which the obligation is terminated by agreement of the parties to replace the original obligation that existed between them, another obligation between the same persons, providing for another object or method of performance;

- debt forgiveness, in which the obligation is terminated by the release by the creditor of the debtor from the obligations lying on it, if this does not violate the rights of other persons with respect to the property of the creditor.

- Conclusion of the contract of assignment of the right of claim in exchange for accepting the debt (obligation to pay off the payables). At the same time, two debts (receivables and payables) are reduced.

- Revaluation of fixed assets in order to increase their value. This measure formally increases the financial sustainability of the organization, as a result of which increases the cost of fixed assets and the amount of additional capital (a component of the organization's own capital).

1.3. Methodological approaches to assessing financial sustainability of an enterprise

In order to ensure the financial sustainability of the operation of the company, it is necessary in the future to determine the specific level of financial sustainability and carry out its quantitative assessment. In general, there are two approaches to analyzing the level of financial sustainability: absolute and relative. For an absolute assessment of the financial sustainability of the enterprise, determine the surplus or lack of funds for the formation of stocks and costs as the difference between the size of the sources of coverage and the size of stocks. The ratio of the value of stocks and the values of their own and the sources involved in their formation - one of the important factors of the sustainability of the financial condition of the enterprise.

The degree of supply of reserves by sources of formation is the reason for this or that degree of current solvency (or insolvency) organization [24, p. 129].

Estimation of financial sustainability of an enterprise involves an objective analysis of the size and structure of assets and liabilities of the enterprise and the determination of its financial sustainability and independence on this basis, as well as the analysis of the compliance of financial and economic activities of the enterprise with the objectives of its statutory activities.

For a comprehensive assessment of the financial sustainability of an enterprise, methodological support is needed, which encompasses a number of methods and techniques. Comprehensive study of the financial condition of an enterprise in order to assess the achieved financial results, carried out by means of financial analysis according to the financial statements of the enterprise, is a financial analysis of the enterprise. The practice of financial analysis has formed several basic methods of analysis:

- horizontal analysis (time interval analysis);
- vertical analysis (or structure analysis);
- trend analysis;
- analysis of relative indicators (financial ratios);
- factor analysis;
- comparative analysis [28, p.91].

On the basis of the generalization of the results of the analysis of the financial sustainability of the enterprise, it can be concluded that the overall assessment of the financial sustainability of the company at the last reporting date and the dynamics of its change and recommendations for improving the financial condition of the enterprise.

Financial analysis can provide:

- 1) assessment of the level of efficiency of business systems and identifying the factors and reasons for achieving the existing state;
- 2) identification of trends in the development of the enterprise in terms of its financial condition;

3) development of scenarios for the development of economic activity of business entities: accumulation, transformation and effective use of information base of financial nature;

4) determining the level of creditworthiness of the enterprise as a borrower of financial resources for the conduct of economic activity;

5) qualitative planning, forecasting, budgeting, determining the need and efficient allocation of financial resources;

6) effective formation and use of cash flows;

7) creation of rating systems for assessing the effectiveness of financial sustainability of business systems;

8) timely measures aimed at increasing solvency, financial sustainability and profitability of enterprises;

9) determination of reserves for improving the financial condition of economic systems;

10) justification of the sustainability of distribution and use of profits for the needs of business systems and their owners;

11) assessment of the level of entrepreneurial risk with regard to the possibility of repayment of liabilities, the ability to build up net assets, attract investment and make managerial decisions [17, p. 41].

As a component of analytical economic research on the study of the level, changes and dynamics of financial indicators in their relationship and interdependence, financial analysis allows you to take effective managerial decisions to ensure the internal and external activities of business systems, sustainable economic development and a stable financial state.

Financial analysis is based on the financial statements of the company, which is the main source of information for financial analysis. Methods and methods for processing financial statements - these are methods of financial analysis. Typically, a financial analysis of an enterprise consists of the following steps:

1) assessment of the property status of the enterprise and the dynamics of its change;

- 2) analysis of financial results of the enterprise;
- 3) liquidity analysis;
- 4) analysis of business activity;
- 5) solvency analysis (financial sustainability);
- 6) analysis of profitability [34, p. 198].

To achieve the main goal of the analysis of the financial sustainability of the enterprise can be used different methods of analysis: coefficient, integrated, integral, non-distributive, equilibrium. T. Bezborodova believes that in order to assess the effectiveness of financial sustainability it is expedient to use a coefficient or a complex method, since they are the most extensive and cover all areas of the enterprise. These methods represent the enterprise and all its connections as an interconnected system of financial resources movements, which makes it possible to widely assess its financial status [26].

Thus, the coefficient method involves the calculation of the system of coefficients covering different sides of the enterprise and taking into account the influence of both internal and external environment on the financial condition of the enterprise. In tabl. 1.4 shows the system of directions and coefficients for assessing the financial sustainability of the enterprise by the coefficient method.

Table 1.4

Coefficient method for assessing the effectiveness of financial sustainability of enterprises [16, p. 177]

Direction	Coefficients	Formula
Liquidity	Cash Ratio	$\text{= Cash assets (Absolute liquid assets) / (STL short-term liabilities)}$
	Current Ratio (Working capital ratio)	$\text{= Current assets / (STL short-term liabilities)}$
	Quick Ratio (Acid-test ratio)	$\text{= (Current assets – inventory) / (STL short-term liabilities)}$

Continuation of Table 1.4

Direction	Coefficients	Formula
Profitability	Return on Assets Ratio	$ROA = \text{Net Income (Profit from ordinary activities before taxation)} / \text{Total Assets}$
	The coefficient profitability of realization	$CPR = \text{Net profit} / \text{Revenue from sales of products}$
	Equity Ratio	$EqR = \text{Net profit (Fixed Assets)} / \text{Equity Capital}$
Financial sustainability	The coefficient of autonomy(Autonomy Ratio)	$CA = \text{Equity Capital} / \text{Fixed Assets}$
	The coefficient of maneuverability of own funds	$CMOF = \text{Own working capital} / \text{Equity}$
	Financial Leverage (Debt-to-Equity Ratio)	$= \text{Total liabilities (long- + short-term)} / \text{Equity}$
Business activity	Asset Turnover Ratio	$ATR = \text{Net income from sales of products} / \text{Average annual value of assets}$
	Return on Equity Ratio	$ROE = \text{Equity} / \text{Average annual value of assets}$
	Fixed-Asset Turnover Ratio	$FATR = \text{Fixed assets} / \text{Average annual value of assets}$

The advantage of this method of analyzing the effectiveness of financial sustainability of an enterprise is that such a method makes it possible to identify those areas in the enterprise in which problems arise, as well as enables them to investigate the reasons that caused them.

The main disadvantages of the coefficient method of analyzing the financial sustainability of the enterprise is:

1. A rather complicated process of forming the results of evaluation.
2. Absence of normative values of most coefficients.
3. A situation in which changes in the values of coefficients in the dynamics can not be interpreted properly, since the values for calculation are constantly changing over time. Therefore, this method should be used in enterprises that have time to correctly interpret the results [20, p.69].

Taking into account the disadvantages of the coefficient method, scientists believe that for the analysis of the financial sustainability of the enterprise can be used a comprehensive method of assessing the financial sustainability of the enterprise, which covers:

- 1) the most general indicators of the enterprise;
- 2) general indicators of financial condition (indicators of profitability, indicators of profitability) [29, p. 184].

A comprehensive analysis of the financial condition allows us to establish a satisfactory or unsatisfactory financial state of the enterprise. Satisfactory is the financial condition in which stable solvency is established, efficient use of capital, timely organization of payments. Unsatisfactory financial condition - lack of own working capital, ineffective allocation of resources, the presence of stable payment arrears, negative trends in production. V. Vasilenko believes that in order to assess the financial sustainability of an enterprise, it is advisable to use an integral method of analysis, which involves evaluating a certain (one, aggregate) integral indicator. Such an integral indicator is calculated on the basis of general indicators on the level of solvency, financial independence and quality of assets of the enterprise [13, p. 246]. At the same time, the integral index can be supplemented at any time by any number of analytical directions and coefficients, which is an advantage of this method. The disadvantage is that there is some inconsistency in the concepts of "solvency" and "liquidity".

Summarizing indicators used to calculate the integral indicator of the financial condition of the enterprise:

- 1) solvency level (coverage ratio, current liquidity ratio, absolute liquidity ratio);
- 2) level of financial independence (coefficient of autonomy; coefficient of financial sustainability; coefficient of maneuverability of equity);
- 3) the quality of assets (the share of highly liquid assets, the coefficient of quality of accounts receivable, the ratio of net working assets) [40].

Integral assessment of the financial condition of enterprises involves the calculation of such complex indicators as the Altman index, the model of Springate, the model of the Forest. But all these models are unsuitable for domestic conditions of economic activity, because they are developed using selective aggregates of enterprises of other countries, and therefore the parameters taken into account differ significantly from ours [48, p. 92].

The non-finite method for evaluating the financial sustainability of an enterprise involves determining the role of the operating leverage in shaping the results of the enterprise, the ability to manage its costs and results in order to achieve the necessary indicators of break-even production. The criterion for evaluating the financial sustainability of an enterprise in this case is the margin of financial strength of the enterprise (net income from sales that the company has after passing the threshold of profitability). The higher the margin of financial strength in percentages, the more stable the financial condition of the enterprise. The advantage of this method is that it includes break-even (the basic aspect of enterprise activity) and costs, and is therefore up-to-date and practical.

The international experience has tested the equilibrium method of assessing the financial sustainability of an enterprise based on the concept of liquidity and the assessment of the financial position of the enterprise from the point of view of achieving an equilibrium between liquid flows in the field of economic and financial activity of the enterprise. The first acts as a zone for the creation of funds, and the second - as a zone of consumption of funds. The result of economic activity and the result of financial activity are formed and consumed cash flows. Equality between these results creates the situation of an ideal financial equilibrium of the enterprise, when the cumulative result of economic and financial activity is zero [38, p. 172].

Using the equilibrium method. The assessment of the financial condition of an enterprise, using the equilibrium method, allows you to identify nine typical situations of the financial condition of the enterprise and develop appropriate general recommendations for achieving financial and economic equilibrium in the event of a rejection of the enterprise from the line of equilibrium or the security zone, which

is very valuable during the use of this method [53, p. 298]. The disadvantage of the method is the impossibility of taking into account the state of the enterprise in a concrete, business, credit and market environment.

One of the methods for evaluating the financial sustainability of an enterprise is rating rating. The purpose of such an assessment of the financial sustainability of an enterprise is to conduct calculations in a fairly short time based on the chosen mathematical model of a comprehensive financial research of the operational, investment and financial activity of the enterprise. The operational, investment and financial activities of the enterprise are the objects of research. The rating estimation allows identifying actual results and substantiating the forecast trend of the development of a financial condition of an entity in the short or long term. The result of this analysis will be the quantitative expression of the ability of the research object to ensure the sustainability of financial and economic activity, the growth of the market value of the enterprise and the provision of income of its owners in the short and long term. The rating methodology has the following advantages:

- 1) is based on an integrated multidimensional approach to assessing the financial performance of an enterprise;
- 2) is carried out on the basis of the data of the company's financial statements;
- 3) takes into account the achievements of all competitors;
- 4) is carried out taking into account mathematical models [42, p. 237].

Based on the study of various methods of assessing the effectiveness of financial sustainability of the enterprise, we note that the need and practical significance of the systematic assessment of the financial sustainability of the company is aimed at ensuring the systematic receipt and effective use of financial resources, compliance with the accounting and credit discipline, achieving a rational ratio of own and borrowed funds, financial sustainability for the purpose of effective operation of the enterprise and affects the provision of a stable the financial condition of an enterprise [43, p. 65]. The main criteria for choosing the method of evaluation may be:

1. Timing Limits - If the assessment is to be carried out in the near future, then it is not recommended to use coefficient, complex or integral methods.
2. Complexity of analysis (some methods do not take into account all activities of the enterprise - competitiveness, creditworthiness, business activity, etc.).
3. Availability of detailed information on the activities of the enterprise [58, p. 179].

In our opinion, V. Yankovskaya's views are correct, which states that the financial state of the enterprise should be systematically and comprehensively evaluated using different methods, methods and methods of analysis. This will enable a critical assessment of the financial performance of the company both in statics for a certain period and in the dynamics - for a number of periods, to determine the "pain points" in financial activities and ways of more efficient use of financial resources and their rational placement. The ineffectiveness of the use of financial resources leads to low solvency of the enterprise and, as a consequence, to possible interruptions in the supply, production and sales of products; to failure to implement a profit plan, lower profitability of an enterprise, to the threat of economic sanctions. An analysis of the financial state describes the activities of the enterprise for external consumers [59, p. 183]. Thus, B. E. Grabovetsky calls three groups of such consumers and notes that the tasks of analyzing the effectiveness of financial sustainability of enterprises vary depending on the interest of different groups of users analytical material [21, p. 53].

The main groups of consumers of the results of financial analysis are:

- 1) persons directly related to entrepreneurship, that is, managers and employees of enterprise management;
- 2) persons who may not work directly at the enterprise but have direct financial interest - shareholders, investors, buyers and sellers of products (services), various lenders, banks when deciding whether it is expedient or inappropriate to provide a loan, and with a positive decision this question - at what percentage and for what term;

3) persons with an indirect financial interest - tax authorities, various financial institutions (exchanges, associations and others), statistical bodies and others [14, p. 58].

In conclusion, we note that the assessment of the effectiveness of financial sustainability of the enterprise to provide it with greater informativeness, reliability, in-depth consideration of microeconomic factors, trends and patterns should be made on the basis of determining certain features of the operation of the investigated object, using the main methods of financial analysis according to the financial statements enterprises. For financial analysis, such techniques as horizontal, vertical and trend analysis, analysis of relative indicators, factor and comparative analysis are used. The main methods of analysis are coefficient, integrated, integral, non-breakaway, equilibrium; Each method has its own characteristics, advantages and disadvantages. According to the results of the financial analysis, they draw conclusions about the satisfactory or unsatisfactory financial condition of the enterprise.

General evaluation of financial sustainability implies the definition of:

- 1) the sustainability of sources of capital formation;
- 2) resource sustainability;
- 3) the sustainability of control [30, p. 190].

Investigation of the liability structure of the balance enables to identify possible causes of financial sustainability (insustainability) of the enterprise. Thus, an increase in the share of own capital at the expense of any source contributes to strengthening of financial sustainability of the enterprise. The presence of undistributed profits can be considered as a source of replenishment of current accounts.

A schematic model for determining the financial sustainability of an enterprise is presented in Fig. 1.3.

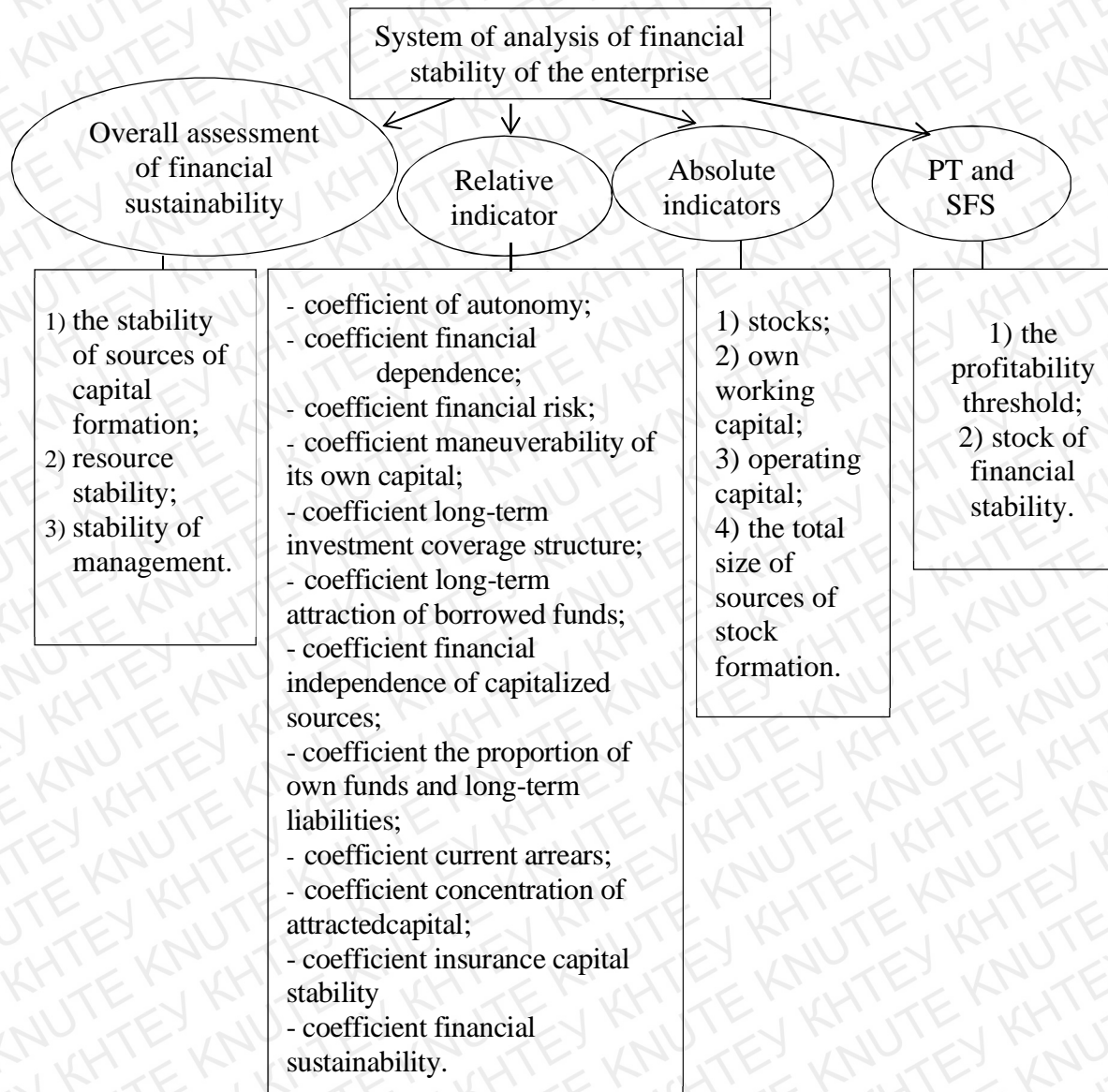


Fig. 1.3. An integrated method for determining the financial sustainability of enterprises [11, p.315]

Mobile financial assets are highly liquid assets, ie cash and current financial investments. Non-financial financial assets include long-term financial investments and all types of receivables. Non-financial assets are divided into long-term and current ones. Long-term non-financial assets include fixed assets, intangible assets and unfinished construction. The composition of current non-financial assets includes stocks and expenses. In accordance with this concept, the financial equilibrium and sustainability of the financial condition of the enterprise are achieved, provided that nonfinancial assets are covered by equity, and financial - by borrowing. Reserve sustainability increases as excess of equity over non-financial assets or as excess of financial assets over borrowed capital. The opposite deviation

from equilibrium parameters in terms of excess of non-financial assets over own capital indicates a loss of sustainability [33, p. 42].

Traditionally, for the relative estimation of financial sustainability, both domestic and foreign authors are invited to use a number of coefficients, which are calculated based on the information available in the financial statements. The main coefficients, the method of their calculation and the critical boundaries of values are given in Table. 1.5.

Table 1.5

Methodology for calculating the indicators for assessing the financial sustainability of the enterprise according to the financial statements [23, p.187]

Name of the indicator	Assessment of the indicator	
	By normative value	By dynamics
1	2	3
Autonomy coefficient (equity concentration)	$\geq 0,5$	increment
Maneuverability of working capital	according to the plan	according to the plan
The coefficient of financial dependence	$\leq 0,5$	decrease
The coefficient of maneuverability of equity	$\geq 0,5$	decrease
Concentration ratio of attracted capital	$\leq 0,5$	decrease
The coefficient of the attracted sources in non-current assets	$< 0,1$	decrease
Long-term borrowing ratio	$< 0,5$	decrease
Long-term liabilities ratio	$< 0,2$	standard
Current liabilities ratio	$> 0,5$	increment
Ratio of borrowed and equity capital ratio	$< 0,5$	decrease
Self-financing ratio	$> 0,1$	increment
Coefficient of financial sustainability	> 1	increment
Coefficient of financial leverage	$< 0,1$	decrease
Coefficient of stock supply by working capital	$> 0,2$	increment
Insurance business rate	$> 0,1$	increment

Continuation of Table 1.5

Name of the indicator	Assessment of the indicator	
	By normative value	By dynamics
Statutory capital insurance ratio	according to the plan	according to the plan
Equity insurance ratio	> 0,1	increment
Coefficient of provision of working capital to working capital	according to the plan	increment

It should be noted that most of the coefficients presented in Table. 1.5, use the same information base, that is, it is about studying the various relations between a narrow circle of key indicators, which include primarily equity, aggregate assets of the enterprise, capital raised, own working capital.

It should also be noted that the normative values of individual indicators of financial sustainability are the subject of constant scientific discussions and are still not definitively determined (Table 1.6).

Table 1.6

Normative values of indicators of financial stability [63, p. 119]

Author	Indicators			
	coefficient of autonomy	coefficient of financial dependence	coefficient of concentration attracted capital	coefficient of financial leverage
Litvin B.M. Stelmakh M.V.	$\geq 0,5$	-	-	-
Buryak L.D.	$> 0,5$	-	$< 0,5$	$< 0,5$
Tsal-Tsalko Yu.S.	$\geq 0,5$	< 2	-	-
Sheludko M. V.	-	-	-	< 1
Kovalev V. V.	0,02-0,1	decrease	-	-
Kiiretsev G.G.	$> 0,5$	-	-	-

In our opinion, the final decision on the optimum limits of the financial ratios presented above can be formed only taking into account the industry, volumes of activities and macroeconomic features of the country in which the company operates.

The composition and structure of financial resources, the right choice of tactics and management strategies are significant factors of financial sustainability

of the enterprise. The greater the firm's own financial resources (or revenues) generated in its account, the greater the confidence in maintaining its financial sustainability. In this case, it is important not only the total amount of financing, but also the structure of its distribution, especially the share, which is aimed at the development of the enterprise. Consequently, the policy of distribution and use of financial resources comes to the fore in the analysis and management of financial reliability [32, p. 108].

Thus, modern systems of indicators for assessing the level of financial sustainability of an enterprise should contain both dynamic and structural indicators, and when forming such systems, it is appropriate to take into account the type of enterprise, the type of its activities and the features of the financial strategy. In a market economy, financial sustainability of the enterprise is the main condition of life and the basis of a stable state of the enterprise.

CHAPTER 2

INVESTIGATION OF FINANCIAL SUSTAINABILITY MANAGEMENT SYSTEM ON "ASTOR I KO"

2.1. Dynamics of volumes and structure of assets of the enterprise and sources of their formation

Combining the enterprises of the trade, manufacturing, construction, mining and transport industries into a single structure, ASTOR became one of the leading national players in the construction business. ASTOR takes the leading position in the field of production of commercial concrete, building mortar and prefabricated reinforced concrete [65].

Enterprises that are part of the ASTOR group of companies have an advantageous geographical location. Competitive advantages are provided through the use of high quality raw materials and guarantees of its permanent non-decreasing stock, qualified personnel with significant experience, the use of advanced technologies, the ability of factories to operate at full capacity under any adverse weather conditions, as well as developed transport infrastructure that provides timely delivery of all materials necessary for the customer to build almost any scale [65].

ASTOR products:

1. Concrete. ASTOR company produces high-quality equipment of foreign manufacturers and sells mixes of concrete and building solutions of a wide range of products.
2. Concrete products. ASTOR Company manufactures and sells reinforced concrete products used in construction. The products are manufactured as standard, and according to individual customer drawings.
3. Cement. As one of the largest cement consumers, ASTOR also sells bulk and tare cement to large cement producers.
4. Rubble Due to long-term cooperation with large granite quarries, ASTOR Company sells crushed granite of various fractions and strength.

5. Sand. ASTOR Company manufactures and sells construction sand [65].

An important factor in the development of LLC «ASTOR and Co.» are cash receipts that exceed the payments of the enterprise. The availability or lack of funds will ultimately depend on the ability of the enterprise to operate, its competitiveness and financial position. The analysis of the financial state is based on the financial reporting and accounting data, on the calculation and comparison of a significant number of indicators and ratios. We will analyze the dynamics and structure of assets of LLC «ASTOR and Co.» (Table 2.1).

Table 2.1

**Analysis of the dynamics and structure of assets of LLC “ASTOR and Co.”,
2015-2017 , ths. UAH**

Indexes	2015 year		2016 year		2017 year		Deviation 2017 / 2015	
	thousand UAH	%	thousand UAH	%	thousand UAH	%	thousand UAH	%
Non-current assets	106	1,44	388	2,88	443	2,95	+337	+317,92
Current assets	7266	98,56	13093	97,12	14559	97,05	+7293	+100,37
- stocks	1901	25,79	4633	34,37	5215	34,76	+3314	+174,33
-receivables	4770	64,7	7850	58,23	8607	57,37	+3837	+80,44
- cash	81	1,1	308	2,28	319	2,13	+238	+293,83
- other current assets	514	6,97	302	2,24	418	2,79	-96	-18,68
Total assets	7372	100	13481	100	15002	100	+7630	+103,50

During the years 2015-2017, the assets of LLC «ASTOR and Co.» grew by UAH 7630 thousand, or by 103.50% (Figure 2.1).

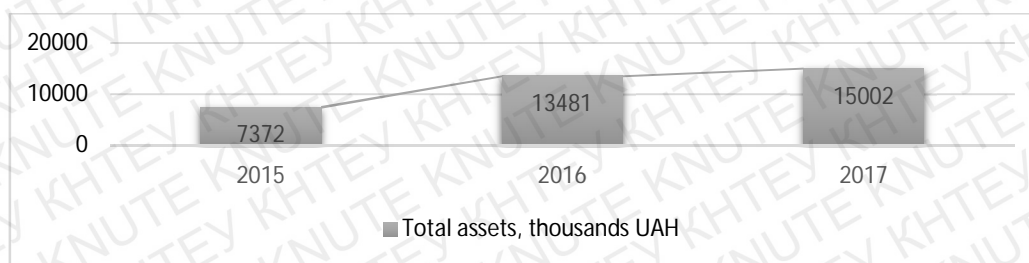


Fig. 2.1. The dynamics of assets of LLC «ASTOR and Co.» during the period 2015-2017 (thousand UAH)

Growth (reduction) of the number of assets reflects the change in the economic potential of the enterprise, its financial weight in the market. The change in assets can be observed in absolute (+7630 thousand UAH) and relative (+103,50%) values. The growth of assets (taking into account the inflation index) is evidence of strengthening the economic potential of the company and its weight on the market. Positive in strengthening the financial state should be considered an increase in the share of current assets, which reduces the risk of compensation for advanced capital and increases its return as a result of accelerating the turnover of working capital. It should be noted that the increase in assets of the balance of LLC «ASTOR and Co.» was made due to an increase in the value of non-current assets by UAH 337 thousand, or by 317.92% (Figure 2.2).

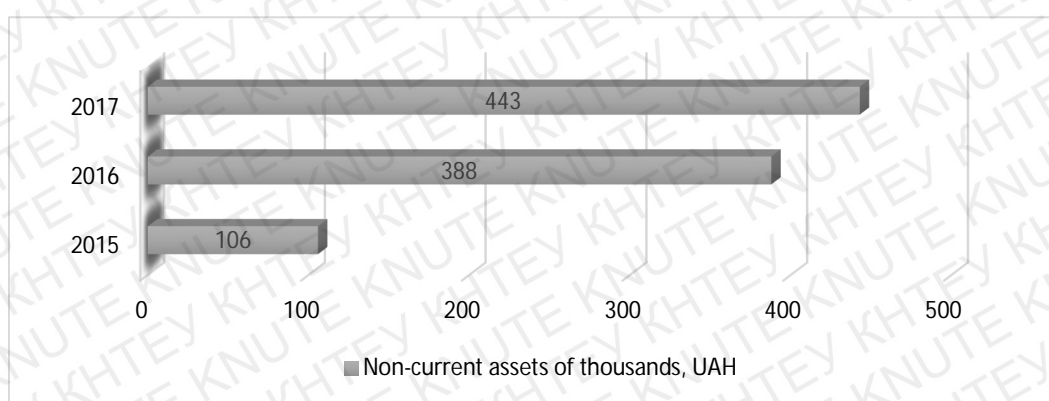


Fig. 2.2. Dynamics of non-current assets of LLC «ASTOR and Co.» during 2015-2017 (ths. UAH)

It should be noted that the growth of non-current assets was due to an increase in unfinished capital investments by 229.0 thousand UAH and fixed assets by 108.0 thousand UAH, or 110.20%.

Along with the above dynamics of non-current assets, we will analyze the change in the volume of current assets (Figure 2.3).

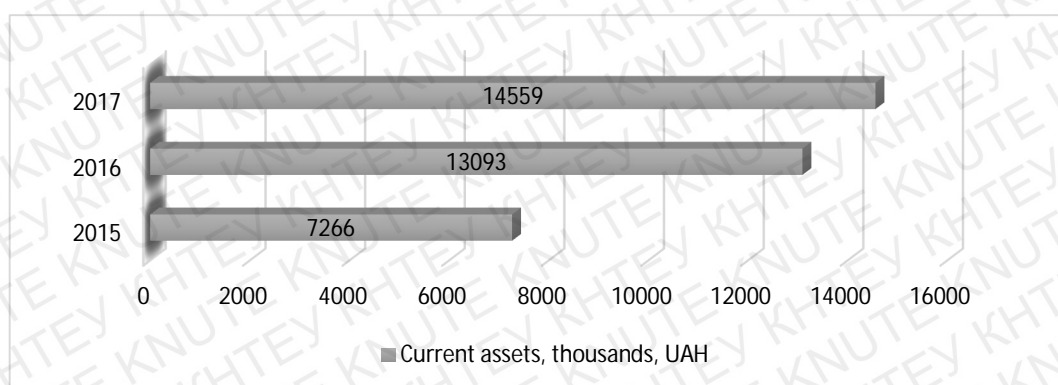


Fig. 2.3. Dynamics of current-assets of LLC «ASTOR and Co.» during 2015-2017 (ths. UAH)

Thus, in 2017, compared with 2015, there was an increase in the value of current assets by 7293 thousand UAH, or by 100,37%. The increase in the volume of current assets of the enterprise was due to the growth of stocks, accounts receivable and cash (Figure 2.4).

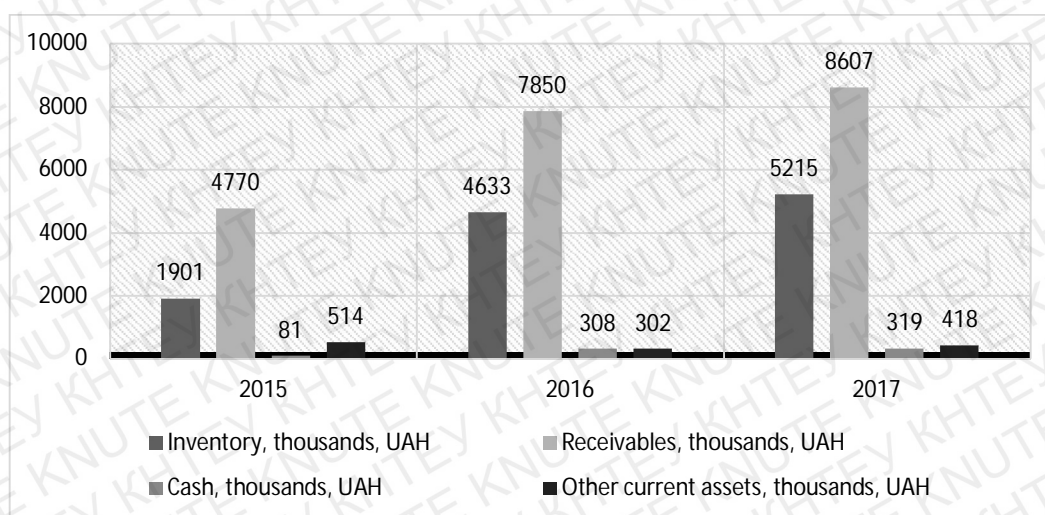


Fig. 2.4. The structure of current assets of LLC «ASTOR and Co.» during 2015-2017 (ths. UAH)

During the period of 2015-2017, the structure of current assets of LLC «ASTOR and Co.» increased inventories by UAH 3314 thousand, or by 174.33%; accounts receivable by UAH 3837 thousand, or by 80.44%, and cash resources by UAH 238 thousand, or by 293.83%. Instead, in 2017, compared to 2015, we see a reduction in other current assets of LLC «ASTOR and Co.» by 96 thousand UAH, or 18.68%.

The structure of assets of LLC «ASTOR and Co.» is shown in Fig. 2.5.

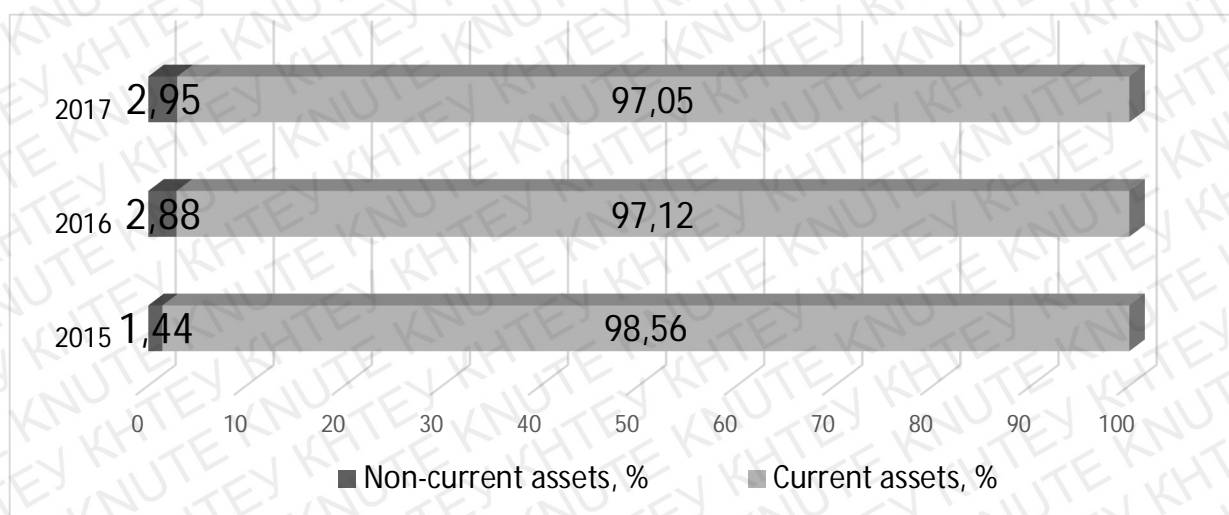


Fig. 2.5. The structure of assets of LLC «ASTOR and Co.» during 2015-2017.

Consequently, during 2015-2017, the largest share in the structure of assets of LLC «ASTOR and Co.» belonged to current assets - 98.56% in 2015, 97.12% in 2016 and 97.05% in 2017, which indicates a significant share of mobile assets in the total assets of the enterprise.

In fig. 2.6 we give a structure of non-current assets of LLC "ASTOR and Co.".

Thus, during the years 2015-2017, the largest share in the structure of non-current assets of LLC «ASTOR and Co.» was in the main assets - 98.28% in 2015, 99.91% in 2016 and 99.94% in 2017.

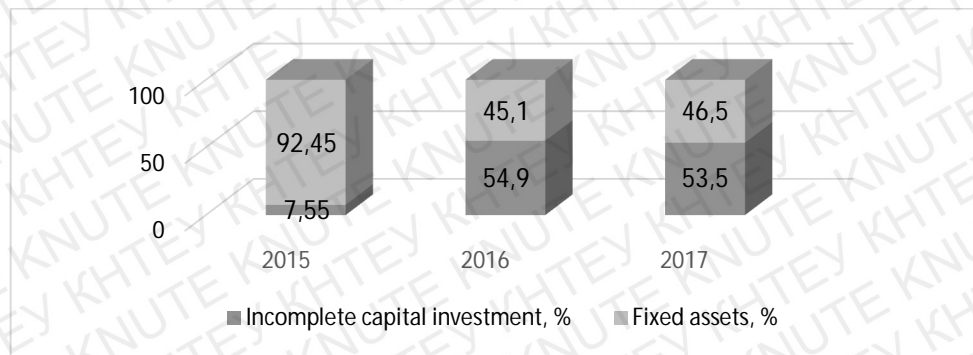


Fig. 2.6. The structure of non-current assets of LLC «ASTOR and Co.» during 2015-2017.

In the structure of non-current assets of LLC «ASTOR and Co.» the largest share is occupied by fixed assets - 54.90% in 2016 and 53.50% in 2017.

Fixed assets are the material and technical base of the enterprise, the basis for its improvement and development. In fig. 2.7 shows the dynamics of changes in fixed assets in LLC «ASTOR and Co.» .

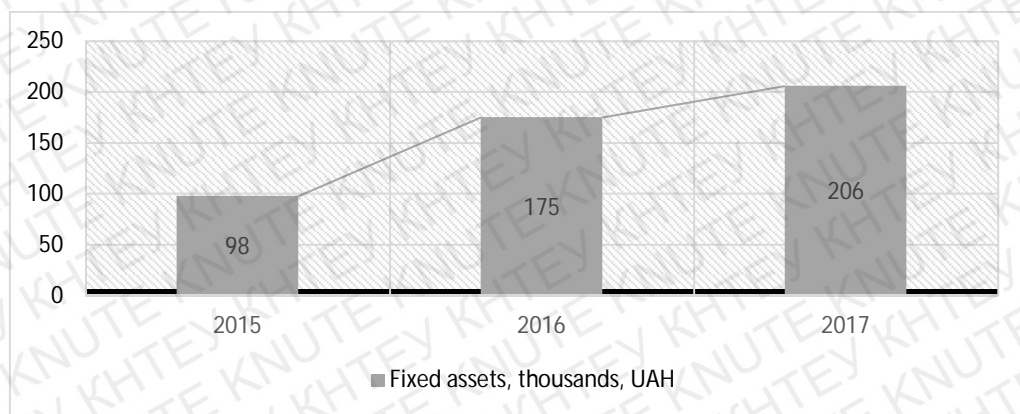


Fig. 2.7. Dynamics of fixed assets of LLC "ASTOR and Co." For 2015-2017 years.

During 2015-2017, an increase in fixed assets of the company amounted to 108.0 thousand UAH, or 110.2%. The trend line for changes in fixed assets of the enterprise points to the dynamics of growth of fixed assets in LLC "ASTOR and Co."

Graphic interpretation of the dynamics of the structure of fixed assets LLC «ASTOR and Co.» is shown in Fig.2.8.

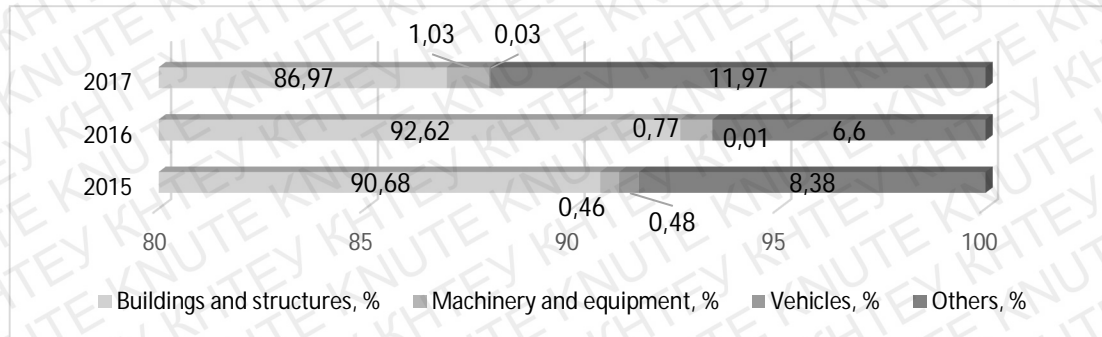


Fig. 2.8. The structure of fixed assets of LLC «ASTOR and Co.» for 2015-2017 years.

Thus, in the general structure of fixed assets, the largest share belongs to buildings and structures - 90.68% in 2015, 92.62% in 2016 and 86.97% in 2017. In 2017, compared with 2015, the book value of buildings, structures and transmission equipment decreased by 51.74%, which is due to the moral and physical aging of buildings, structures and transmission equipment and, accordingly, the growth of depreciation in this type of fixed assets of the enterprise.

To characterize the intensity of the process of reproduction of fixed assets in LLC "ASTOR and Co.", the following indicators are used: input coefficient, output factor and growth factor.

It is necessary to explain the dynamics of the total value of fixed assets of the enterprise and significant changes in their individual groups. The analysis of the coefficients of introduction and disposal of fixed assets of the enterprise over the past 3 years is shown in Table. 2.2.

Table.2.2

The indicators of fixed assets movement of LLC «ASTOR and Co.» for 2015-2017 years.

Indexes	Unit	2015 year	2016 year	2017 year	2015 till 2017
Buildings, constructions and transmission devices					
Fixed assets are introduced for the year	thousand UAH	536,1	580,6	724,7	+188,6
Disposal of fixed assets for the year	thousand UAH	130,2	142,3	137	+6,8

Outflow rate	%	0,1	0,11	0,13	+0,03
Input rate	%	0,08	0,09	0,09	+0,01

Continuation of Table 2.2

	Indexes	Unit	2015 year	2016 year	2017 year	2015 till 2017
Machinery and equipment						
Fixed assets are introduced for the year	thousand UAH		371,8	429,5	538,2	+166,4
Disposal of fixed assets for the year	thousand UAH		90,3	105,3	101,7	+11,4
Outflow rate	%		0,1	0,11	0,13	+0,03
Input rate	%		0,08	0,09	0,09	+0,01
Vehicles						
Fixed assets are introduced for the year	thousand UAH		169,5	190,6	239,3	+69,8
Disposal of fixed assets for the year	thousand UAH		41,2	46,7	45,2	+4
Outflow rate	%		0,1	0,11	0,13	+0,03
Input rate	%		0,08	0,09	0,09	+0,01
TOTAL BASIC MANUFACTURERS						
Fixed assets are introduced for the year	thousand UAH		1729,2	1917,5	2390,9	+661,7
Disposal of fixed assets for the year	thousand UAH		420	470,1	452	+32
Outflow rate	%		0,1	0,11	0,13	+0,03
Input rate	%		0,08	0,09	0,09	+0,01

During the years 2015-2017, the growth rate of the depreciation of total fixed assets from 0.10 in 2015 to 0.13 in 2017 increased. The ratio of fixed assets increased by 0.01%. In the whole group of assets, it should be noted the negative pace of retirement of fixed assets; because during 2015-2017 the growth rate of the outflow rate is higher than the rate of increase of the factor of introduction of fixed assets.

During the years 2015-2017, the assets of LLC «ASTOR and Co.» increased by UAH 7630 thousand, or by 103.50%. It should be noted that the increase in assets of the balance of LLC «ASTOR and Co.» was made due to an increase in the value of non-current assets by 337 thousand UAH, or 317.92%. It should be noted that the growth of non-current assets was due to an increase in unfinished capital investments by 229.0 thousand UAH and fixed assets by 108.0 thousand UAH, or 110.20%. In 2017, compared to 2015, there was an increase in the value of current assets by 7293

thousand UAH, or by 100,37%. The increase in the volume of current assets of the enterprise was due to the growth of stocks, receivables and cash. It should be noted that during 2015-2017 the largest share in the structure of assets of LLC «ASTOR and Co.» was in current assets - 98.56% in 2015, 97.12% in 2016 and 97.05% in 2017, indicating a significant proportion of mobile assets in the company's total assets.

2.2. Analysis of the financial sustainability of the enterprise

One of the most important characteristics of the financial condition of the company is its financial sustainability. Therefore, in tabl. 2.3 it is expedient to carry out the analysis of indicators of financial stability of LLC "ASTOR and Co.".

Table 2.3

1. Dynamics of indicators of financial stability of LLC "ASTOR and Co.", 2015-2017 .

Indicators	Value			Absolute increment, +/-	
	2015 y.	2016 y.	2017 y.	2015-2016	2016-2017
1	2	3	4	5	6
The coefficient of autonomy	0,105	-0,035	0,036	-0,140	+0,071
The coefficient of financial dependence	9,512	-28,441	27,730	-37,953	+56,171
Debt-equity ratio	0,117	-0,034	0,037	-0,151	+0,071
The coefficient of financial stability	0,105	-0,035	0,036	-0,140	+0,071
Coefficient of security of own working capital	2,279	9,519	8,495	+7,240	-1,024
The ratio of stock and cost of its own working capital	7,103	27,645	22,084	+20,542	-5,561
The ratio of stocks and expenses to its working capital	2,736	7,749	8,860	+5,013	+1,110
The coefficient of maneuverability of equity	21,679	25,918	422,269	+4,239	+396,351
The coefficient of maneuverability of functional capital	1,101	0,938	1,007	-0,163	+0,069

Short-term debt ratio	0,895	1,035	0,964	+0,140	-0,071
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Consequently, during 2016-2017 we see an increase in the autonomy coefficient of LLC "ASTOR and Co." by 0.071, which indicates an increase in the degree of independence of the enterprise from external borrowings. In 2017, compared with 2016, we see an increase in the coefficient of financial dependence of 56.171. The growth of the coefficient of financial dependence causes an increase in the share of borrowed funds in financing of LLC "ASTOR and Co.". Positive point in the activity of LLC "ASTOR and Co." was an increase in the financing factor of 0.071 and the coefficient of financial stability of LLC "ASTOR and Co." at 0.071, indicating the financial independence of the enterprise from external investors and creditors. But during 2016-2017 there was a decrease in the value of the coefficient of security of its working capital by 1,024. In 2016-2017, we observe a reduction in the level of the ratio of stock and costs to its working capital by 5,561, which indicates a reduction in the volume of own working capital of LLC "ASTOR and Co.". Positive momentum in the activity of LLC «ASTOR and Co.» was the growth of the coefficient of maneuverability of equity capital at 396.351 and the coefficient of maneuverability of functional capital by 0.069. Reducing the amount of current liabilities during 2016-2017 helped to reduce the short-term debt ratio by 0.071.

The dynamics of indicators for an integral model of financial stability estimation of LLC "ASTOR and Co." is given in the table. 2.4.

Table 2.4

Dynamics of Indicators for an Integrated Model of Financial Stability

Estimation of LLC "ASTOR and Co.", 2015-2017.

Indicators	Value			Absolute increment, +/-	
	2015 y.	2016 y.	2017 y.	2016 /2015	2017 /2016
The coefficient of autonomy	0,105	-0,035	0,036	-0,140	+0,071

The coefficient of maneuverability of equity	21,679	25,918	422,269	+4,239	+396,351
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Continuation of Table 2.4

Indicators	Value			Absolute increment, +/-	
	2015 y.	2016 y.	2017 y.	2016 /2015	2017 /2016
Coefficient of sustainability of economic growth	9,512	-28,441	27,730	-37,953	+56,171
Net income ratio	5,619	-1,258	1,655	-6,877	+2,913
The ratio of production assets to the value of property	0,986	0,971	0,970	-0,014	-0,001

Thus, during 2016-2017, we see an increase in the level of financial stability of LLC «ASTOR and Co.», which indicates the high level of asset mobility, sufficient provision of the company's own resources. But despite this, in 2016-2017, we see a reduction in the ratio of equity to working capital by 1,024, which is due to the presence of unallocated losses in 2016 amounting to 475 thousand UAH. The ratio of production assets to the value of property of LLC «ASTOR and Co.» for the years 2015-2017 remained at almost the same level.

Consider the integral approach to assessing the financial stability of Kondrakova N.P., which is based on the calculation of the financial strength rating number (R), which includes the six main indicators of this group (2.1):

$$R = Ca + Cman + Cowc + Cseg + Rnp + Crpap, \quad (2.1)$$

Where Ca – The coefficient of autonomy;

Cman – The coefficient of maneuverability of equity;

Cowc – Coefficient of security of own working capital,

Cseg – Coefficient of sustainability of economic growth, which is calculated by the formula:

$$\frac{\text{Rnp}}{\text{Crpap}}, \quad (2.2)$$

Rnp – net profit ratio, the calculation of which is carried out by such an algorithm:

$$\frac{\text{Crpap}}{\text{Rnp}}, \quad (2.3)$$

Crpap – coefficient of ratio of production assets to the value of property.

The rating number is determined for the previous period (R₀) and for the reporting period (R₁). If R₁ > R₀, then the financial stability of the enterprise improves, and vice versa.

In tabl. 2.5 we will calculate the financial strength rating number (R) for LLC «ASTOR and Co.».

Table 2.5

Calculation of the rating number of financial stability (R) for LLC «ASTOR and Co.»

Indicators	Years			Deviation 2017 / 2015	
	2015	2016	2017	Abs. deviation	%
Ca 2	0,011	0,001	0,001	-0,010	0,000
Cman 2	469,979	671,743	178311,108	201,764	177639,366
Cowc 2	5,194	90,611	72,165	85,418	-18,446
Cseg 2	90,478	808,890	768,953	718,412	-39,938
Rnp 2	31,573	1,583	2,739	-29,991	1,156
Crpap 2	0,971	0,943	0,942	-0,028	-0,001
ΣC	598,207	1573,772	179155,908	975,565	177582,137
R	24,458	39,671	423,268	15,213	383,597

Consequently, during the 2015-2017 biennium, the rated financial strength (R) for LLC "ASTOR and Co." increases, which indicates an improvement in financial sustainability of the enterprise.

We will evaluate the type of financial sustainability of LLC "ASTOR and Co." on the three-dimensional model (Table 2.6).

Table 2.6

Estimation of the type of financial sustainability of LLC "ASTOR and Co." on the three-dimensional model for 2015-2017 years.

Indexes	2015 y.	2016 y.	2017 y.
Sources of Own Funds	775	-474	541
Non-current assets	106	388	443
Availability of own working capital	669	-862	98
Long-term loans and borrowed funds	-	-	-
Availability of own and long-term loan sources for stock formation and costs	7372	13481	15002
Short-term loans and borrowings	-	-	-
The total value of the main sources of stock formation costs	7372	13481	15002
Amount of inventories and expenses of future periods	1901	4633	5215
Excess (+) or lack (-) of your working capital	669	-862	98
Surplus (+) or lack (-) of own and long-term sources of stock formation	669	-862	98
Excess (+) or lack (-) of the total size of normal sources of stock formation	669	-862	98
Type of financial stability	Absolute	Problem	Absolute
A three-component indicator of financial sustainability	(1; 1; 1)	(0; 0; 0)	(1; 1; 1)

Thus, according to the type of financial stability of LLC «ASTOR and Co.», the three-dimensional model in 2015 and 2017 is characterized by absolute financial stability, as during this period, the company tries to attract additional loan resources to increase the level of sales, which results in a significant accumulation of stocks in comparison with the volume available. own funds. Given the availability of such a financial state, trust in the enterprise is maximum, the probability of repayment of funds to creditors is high. Instead, in 2016, for LLC «ASTOR and Co.», there is a problem of financial stability, which means an increased risk of non-return of funds

to shareholders, because in the event of a deterioration of the market situation, the solvency of the entity will drop sharply.

When managing various aspects of the company LLC «ASTOR and Co.», the most complex and responsible link is the process of developing an integrated capital management system of the organization. The main task of managing capital is to form and maintain its optimal structure, which can best meet the strategic objectives of the enterprise. Therefore, we will calculate the financial leverage in the capital structure (Fig. 2.9) using formula (2.4).

Financial leverage in the capital structure (FLC):

$$FLC = \frac{AC}{AC + EQ} \quad (2.4)$$

where FLC - is a financial leverage in the capital structure;

AC – attracted capital;

EQ – equity

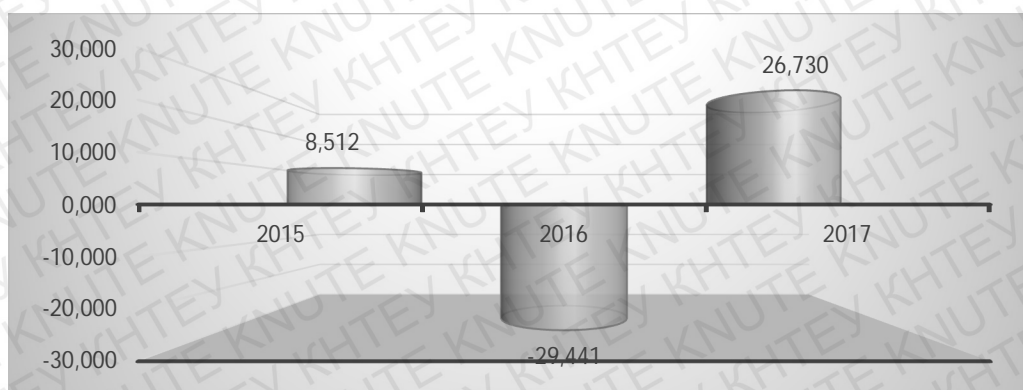


Fig. 2.9. Dynamics of changes in the financial leverage in the capital structure of LLC «ASTOR and Co.» .

Therefore, it should be noted that during the years 2015-2017 the calculated financial leverage for LLC «ASTOR and Co.» is growing, which is related to the reduction of equity capital and the increase of attracted capital at the investigated enterprise.

2.3. Assessment of the effectiveness of financial sustainability management of the enterprise

The financial sustainability of an enterprise is determined by a system of interrelated indicators. Changing one of the metrics leads to a change in others. Therefore, the complex, but the main task of managing financial sustainability of LLC «ASTOR and Co.» is a continuous analysis of the interconnections of the main indicators in the overall structure of this system, the dynamics of their changes and the effects of the impact of one indicator on the other. We will highlight the main criteria for the effectiveness of the financial sustainability assessment of LLC «ASTOR and Co.»

We analyze the dynamics of income and expenses of the enterprise. The size of the financial results directly reflects all aspects of the entity's activities: technology and organization of production, the system of internal and external control, and other features of the activity. The financial results are the basis for increasing the economic potential of LLC «ASTOR and Co.»

To assess the peculiarities of profit generation it is expedient to carry out a horizontal analysis of the report on the total income of LLC «ASTOR and Co.» during 2015-2017; The main indicators of the report are given in Table. 2.9.

Table 2.9

Horizontal analysis of the main articles of the Consolidated Income Report LLC «ASTOR and Co.» during 2015-2017 (ths. UAH)

Indexes	2015	2016	2017	Deviation 2017 / 2015	
				thousand UAH	%
Net income (revenue) from sales of products (goods, works, services)	16801	99252	120980	+104179	+620,08
Cost of sold products (goods, works, services)	13502	90316	108744	+95242	+705,39
Gross profit	3299	8936	12236	+8937	+270,90

Continuation of Table 2.9

Indexes	2015	2016	2017	Deviation 2017/2015	
				thousand UAH	%
Administrative expenses	161	777	747	+586	+363,98
Selling expenses	2190	9186	9212	+7022	+320,64
Other operating expenses	4	222	275	+271	+6775,00
Financial results of operating activities	944	-1249	2002	+1058	+112,08
Income tax on ordinary activities	0	0	360	+360	x
Net profit (loss)	944	-1249	1642	+698	+73,94
Elements of operating expenses					
Material costs	13094	71587	85322	+72228	+551,61
Salary expenses	306	1698	1722	+1416	+462,75
Deductions for social events	117	376	520	+403	+344,44
Amortization	27	151	160	+133	+492,59
Other operating expenses	2312	11297	12009	+9697	+419,42
Total operating expenses	15856	85109	99733	+83877	+528,99

During the period of 2015-2017, the net profit of LLC “ASTOR and Co.” was increased by 698 thousand UAH, or by 73.94%, due to the growth of net income of the company by 104,179 thousand UAH, or by 620,08 %, and gross profit for 8937.0 ths. UAH, or 270.90%. In 2017, compared to 2015, we see an increase in all expenses of LLC “ASTOR and Co.” the cost of sold products (goods, works, services) - by UAH 95,242 thousand, administrative expenses increased by UAH 586 thousand, expenses on sales - by 7022 thousand UAH, other operating expenses increased by 271 thousand UAH.

At the same time, it should be noted that for 2015-2017, there is an increase in total operating expenses of LLC «ASTOR and Co.» by UAH 83877 thousand, or 528.99% (Fig. 2.9).

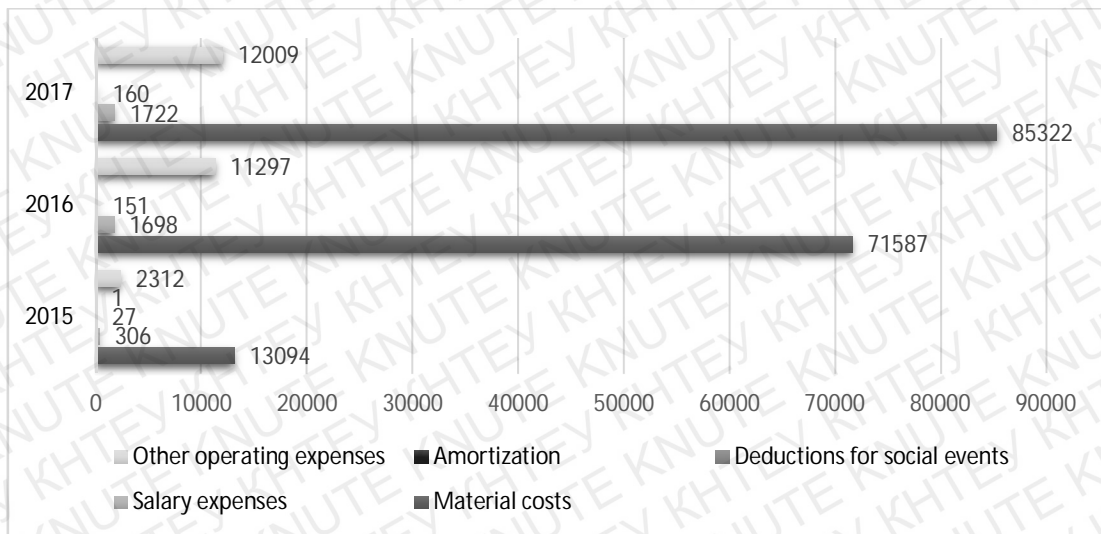


Fig. 2.9. Dynamics of operating expenses of LLC «ASTOR and Co.» for 2015-2017 (ths. UAN)

The increase in operating expenses of LLC «ASTOR and Co.» was due to the increase of material expenses by 72228 thousand UAH, or 551.61%, labor costs - by 1416 thousand UAH, or 462.75%, deductions on social measures - by 403 thousand UAH, or 344.44%, depreciation - by 133 thousand UAH, or 492.59%, and other operating expenses - by 9697 thousand UAH, or 419.42%.

Based on certain amounts of income and expenses of the enterprise, it is advisable to analyze its final results (Fig. 2.10).

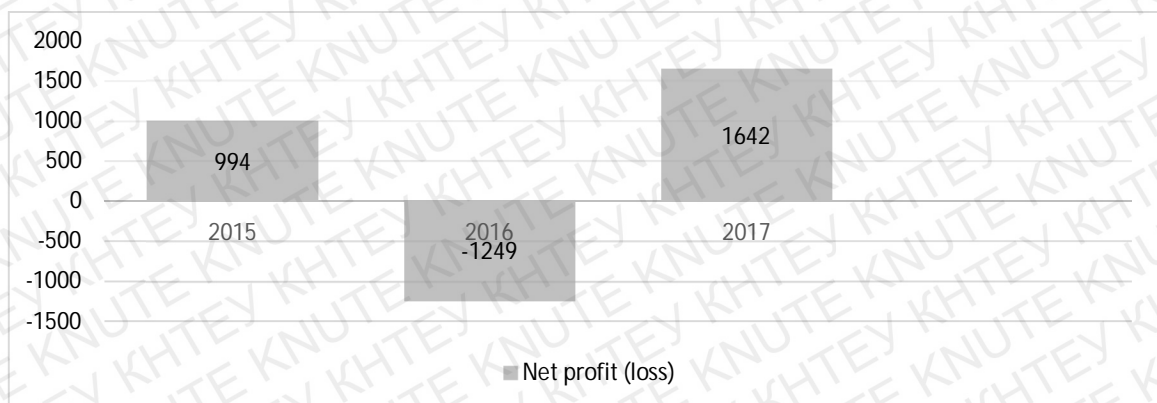


Fig. 2.10. Dynamics of net profit of LLC «ASTOR and Co.» during 2015-2017 (ths. UAN)

In accordance with Fig. 2.10, during the years 2015 and 2017, LLC «ASTOR and Co.» was profitable (net profit was UAH 944 thousand in 2015 and UAH 1642 thousand in 2017). The profit of LLC «ASTOR and Co.» distributes by itself. Schematically, the distribution of net profit in an enterprise is depicted in Fig. 2.11.

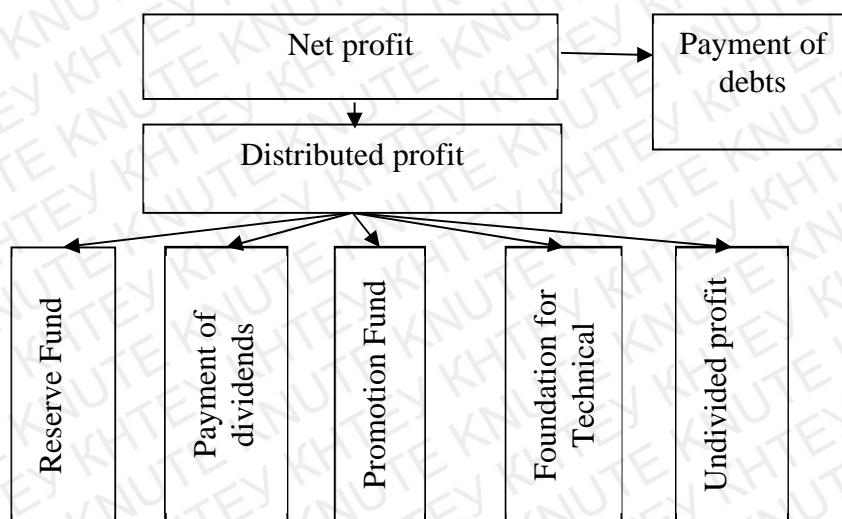


Fig. 2.11. Distribution scheme for LLC «ASTOR and Co.»»

The directions of profit utilization of LLC «ASTOR and Co.» during 2017 are given in the table. 2.10.

Table 2.10

Areas of use of profits of LLC «ASTOR and Co.» in 2017 year

Title of funds	Amount, ths. UAH.	Specific weight, %
1. Reserve Fund	82,1	5
2. Payment of dividends	410,5	25
3. Foundation for Promotion	328,4	20
4. Technical Development Fund	574,7	35
5. Retained earnings	246,3	15
Total	1642	100

Thus, during 2017, the largest net profit of LLC «ASTOR and Co.» was used for technical development funds - 35%, and the dividend payment fund - 25%.

In fig. Figure 2.12 shows the percentage of net profit that is directed towards the formation of funds.

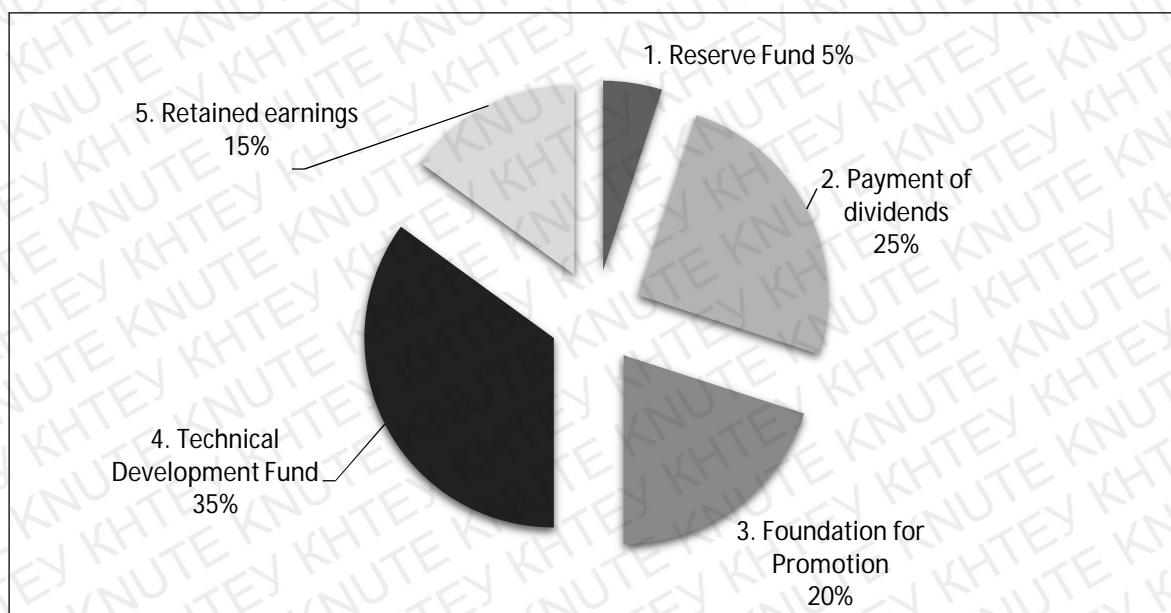


Fig. 2.12. Directions of use of net profit in LLC «ASTOR and Co.» in 2017.

So, before approving the annual plan for using profits, the management of LLC «ASTOR and Co.» collects a meeting of founders, since the organizational issue, cash funds are solved collectively. The strategy and tactics of the enterprise are quite real, so management expects the company to prosper and prosper future. The company should increase the pace of development, for which it is necessary to develop a system of strategic and tactical plans.

The financial condition of the enterprise in modern conditions is an important indicator of its activity and it reflects all information about a functioning enterprise. The analysis of the formation and efficiency of the use of equity capital today is one of the most important components of financial analysis and serves as the main source of financing for the enterprise. In tabl. 2.11 analyze the dynamics and liabilities structure of LLC «ASTOR and Co.».

Table 2.11

**Analysis of dynamics and liabilities structure of LLC «ASTOR and Co.»
during 2015-2017 (ths. UAH)**

Indexes	2015		2016		2017		Deviation 2017 / 2015 pp.	
	thousand UAH	%	thousand UAH	%	thousand UAH	%	thousand UAH	%
Equity	775	10,51	-474	-3,52	541	3,61	-234	-30,19
Current liabilities	6597	89,49	13955	103,52	14461	96,39	+7864	+119,21
- payables - other current liabilities	2114	28,68	7264	53,88	8561	57,07	+6447	+304,97
- payables - other current liabilities	4483	60,81	6691	49,63	5900	39,33	+1417	+31,61
Total liabilities	7372	100	13481	100	15002	100	+7630	+103,50

Consequently, over the period 2015-2017, the growth of total capital of LLC «ASTOR and Co.» was observed at UAH 7630 thousand, or 103.50%, which happened due to an increase in the borrowed capital of the company by UAH 7864 thousand, or by 119.21 % Instead, in 2017, compared to 2015, there was a reduction of the company's own capital by 234 thousand UAH. or on 30,19%.

Fig. 2.13 shows the dynamics of own and attracted capital.

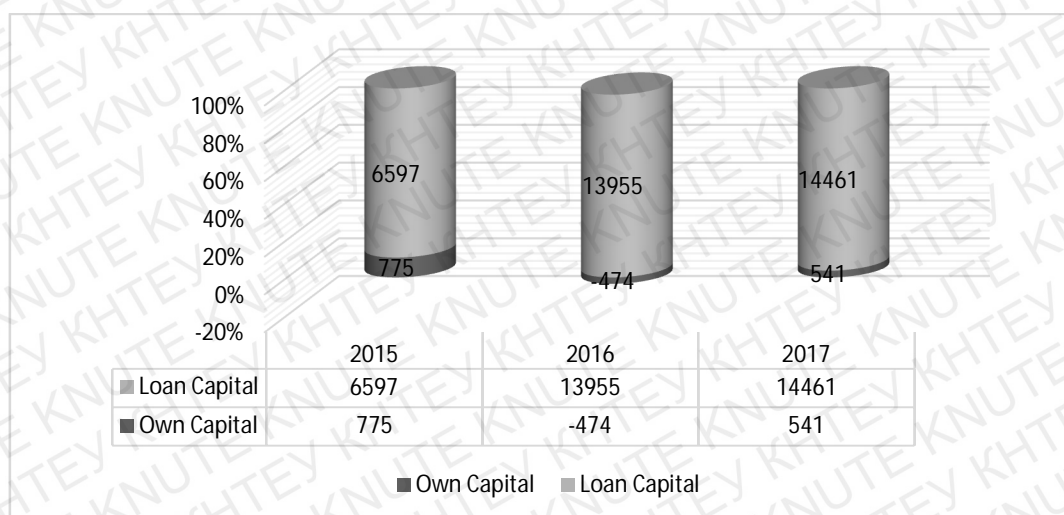


Fig. 2.13. Dynamics of own and attracted capital of LLC «ASTOR and Co.» during 2015-2017 (ths. UAH)

Thus, during the years 2015-2017, the borrowed capital of LLC «ASTOR and Co.» grew, which was due to the growth of current liabilities by UAH 7864 thousand, or by 119.21%. An increase in the value of current liabilities was caused by an increase in payables by 6447 thousand UAH, or by 304.97%, and other current liabilities by UAH 1417 thousand, or by 31.61%.

It is also necessary to analyze the composition and structure of funding sources in LLC «ASTOR and Co.» (Fig.2.14).

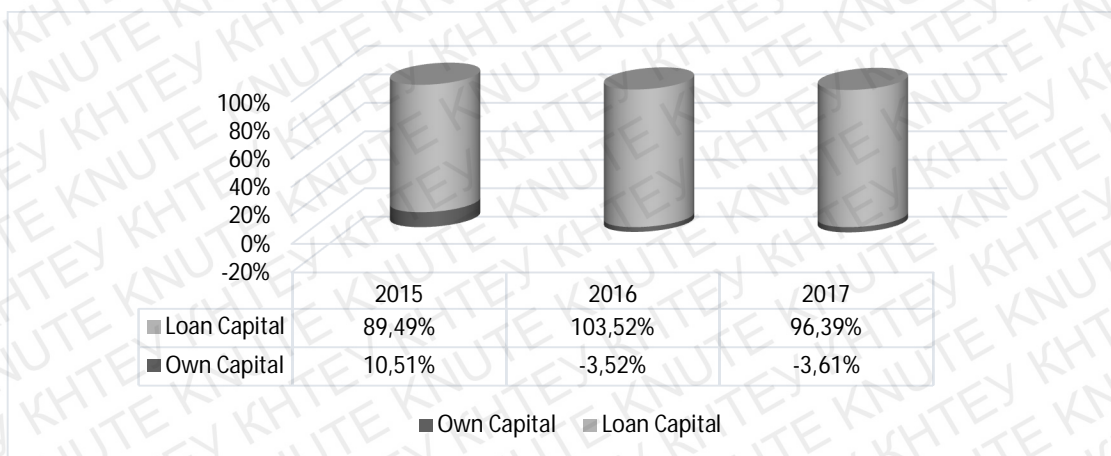


Fig. 2.14. Structure and structure of sources of financing in LLC «ASTOR and Co.» for 2015-2017.

Thus, during 2015 and 2017, among the sources of financing, the largest share belongs to borrowed capital (89.49% in 2015, 103.52% in 2016 and 96.39% in 2017).

Consequently, the analysis of the dynamics of assets and liabilities of the balance of LLC «ASTOR and Co.» allows us to conclude that the growth of financial resources was achieved at the expense of borrowed funds, the main part of them was aimed at replenishing working capital.

An assessment of financial sustainability is an integral part of financial management. Without knowledge of the method of financial analysis it is impossible to make a decision on capital management, to minimize financial risks. We will analyze the financial stability and solvency of LLC "ASTOR and Co." on the basis of calculating the coefficients of the financial state, using the data of the financial statements of the enterprise (Appendix A-B).

1. Analysis of the liquidity of the enterprise (Table 2.10).

Table 2.10

Analysis of liquidity indicators in LLC "ASTOR and Co." for 2015-2017.

Indicator	01.01. 2016	01.01. 2017	01.01. 2018	2017 / 2015
Absolute liquidity ratio	0,012	0,022	0,022	+0,010
Intermediate liquidity ratio	0,813	0,606	0,646	-0,167
Coefficient of general liquidity (coverage)	1,101	0,938	1,007	-0,094
Own working capital	669	-862	98	-571

During 2015-2017 we see a decrease in such liquidity indicators: the ratio of intermediate liquidity to 0.167; the ratio of total liquidity to 0.094; its working capital has decreased by 571.0 ths. UAH.

To determine the liquidity of the balance sheet of LLC «ASTOR and Co.» , compare the results for each group of assets and liabilities (Table 2.11).

Table 2.11

The balance of liquidity of LLC «ASTOR and Co.» in 2015-2017 (ths. UAH)

Code	Name of metrics	01.01.2016	01.01.2017	01.01.2018
A1	The most liquid assets	81	308	319
P1	The most urgent obligations	2114	7264	8561
A1-P1	Provision of obligations P1	-2033	-6956	-8242
A2	Quickly implemented assets	4770	7850	8607
P2	Short-term liabilities	4483	6691	5900
A2-P2	Provision of obligations P2	287	1159	2707
A3	Assets that are slowly implemented	2415	4935	5633
P3	Long-term liabilities	0	0	0
A3-P3	Provision of obligations P3	2415	4935	5633
A4	Assets that are difficult to implement	106	388	443
P4	Permanent liabilities	775	-474	541
A4-P4	Provision of obligations P4	-669	862	-98

Thus, as of December 31, 2017, the excess of short-term liabilities over the amount of rapidly realized assets was revealed, that is, the payment deficiency amounted to 8242 thousand UAH. This suggests that short-term liabilities can not be settled by the funds at the end of the reporting year 2017. But it should be noted that the most liquid assets are much larger than the amount of payables, the payment surplus amounted to 2707 thousand UAH at the end of the year. In 2017, we observe a surplus of constant liabilities over the amount of hard-to-use assets at UAH 98 thousand - the company has enough own working capital.

2. Evaluation of business activity indicators in LLC "ASTOR and Co." (Table 2.12).

Table 2.12

Analysis of indicators of business activity at LLC "ASTOR and Co." for 2015-2017 years.

Indicator	01.01. 2016	01.01. 2017	01.01. 2018	2017 / 2015
1	2	3	4	5
Turnover of accounts receivable	7,903	25,284	20,465	+12,562
Turnover of accounts payable	7,322	20,362	14,193	+6,871
Period of repayment of accounts receivable, days	46	14	18	-28
Period of payday repayment, days	50	18	26	-24
Turnover of fixed assets	158,5	401,83	291,167	+132,667
Asset turnover	2,279	9,519	8,495	+6,216
Turnover of net assets	21,679	25,918	422,269	+400,590
Turnover of inventory	7,103	27,645	22,084	+14,981
Period of turnover of inventory, days	51	13	16	-35
Duration of the operating cycle, days	98	28	34	-63
Duration of the financial cycle, days	48	10	9	-39

Thus, analyzing the data of the table. 2.12, it can be said that the coefficient of turnover of receivables over 2015-2017 increased by 12,562; also observed an increase in the turnover of accounts payable at 6.871. In connection with the growth of receivables turnover and turnover of payables, we observe a decrease in the average repayment period of the receivable for 28 days and the average period of payday repayment for 24 days. The increase in the value of fixed assets affected the increase in the turnover of fixed assets by 132,667. The negative trend

of ASTOR & Co's business activity was to reduce the duration of the operational and financial cycle by 63 and 39 days, respectively.

2. Profitability is one of the basic economic categories of the economy, which is directly related to the receipt of profits. The calculation of indicators of profitability LLC "ASTOR and Co." is presented in the table. 2.13.

Table 2.13

Calculation of profitability indicators in LLC «ASTOR and Co.» during 2015-2017 years .

Indicator	2015 y.	2016 y.	2017 y.	2017 / 2015
Return on assets	12,805	-11,979	11,53	-1,275
Return on equity	121,806	-829,9	4901,493	+4779,687
Profitability of sales	5,619	-1,258	1,655	-3,964
Profitability of net assets	121,806	-829,9	4901,493	+4779,687
Profitability of current assets	12,992	-12,27	14,48	+1,488

Analyzing the activities of LLC «ASTOR and Co.» during 2015-2017, one can see that there is a 1.275% decrease in the return on assets, which is due to the simultaneous growth of assets and net profit of the enterprise. In 2017, compared with 2015, there was an increase in the profitability of the company's equity capital, which occurred due to the growth of equity capital of LLC «ASTOR and Co.» . During 2015-2017, we saw a decrease in sales profitability of 3,964%, which was due to the increase in the cost price of sold products. Positive point in the activity of LLC «ASTOR and Co.» was the growth of profitability of net assets and profitability of current assets of the enterprise.

Using the deterministic model of factor analysis of the profitability of realized products in terms of profits from the sale of goods, works, services, we will determine the influence of factors on the profitability index of LLC "ASTOR and Co.". The deterministic model of factor analysis of the profitability of realized products for the profits from the sale of goods, works, services is presented in the formula 2.5:

$$P = \text{————} * 100\% \quad (2.5)$$

Data of the factor analysis of the profitability of sales of products on the profit from the sale of goods, works, services are shown in the table. 2.14.

Table 2.14

Data of the factor analysis of the profitability of realized products on the profit from the sale of goods, works, services in LLC «ASTOR and Co.»

№	Indicators	2016 y. (basic)	2017 y. (reporting)	Deviation 2017 / 2016 yy.	
				тис. грн	%
1	Profit from sales of goods, works, services, thousand UAH.	-1249	2002	+3251	+260,29
2	Revenues from sales of products (goods, works, services), ths. UAH	99252	120980	+21728	+21,89
3	Profitability of realized products at net profit, %	-1,26	1,65	+2,91	+231,50

Using the method of chain substitutions, we will calculate the influence of factors on the profitability indicator of realized products on the net profit of LLC "ASTOR and Co." by the system of equations (2.6), using the data table. 2.14:

$$= \frac{\text{Deviation}}{\text{Base Value}} * 100\% \quad (2.6)$$

$$P_1 = \frac{-1249}{99252} \times 100\% = -1,26\%$$

$$P_2 = \frac{2002}{99252} \times 100\% = 2,02\%$$

$$P_3 = \frac{2002}{120980} \times 100\% = 1,65\%$$

$P_2 - P_1 = 2,02 - (-1,26) = 3,28\%$. – the influence of profits on the magnitude of the profitability of sales on profits from the sale of goods, works, services;

$P_3 - P_2 = 1,65 - 2,02 = -0,37\%$. – the influence of revenues on the indicator of profitability of realized products on the profit from the sale of goods, works, services. The increase in the profitability of sales of goods, works and services sold at 2.91% is associated with an increase in profits from the sale of goods, works, services by 3251 thousand UAH. or by 260.29% and an increase in the value of income from the sale of products (goods, works, services) by 21728 thousand UAH. or 21.89%.

Thus, after analyzing the main indicators characterizing the level of profitability of an enterprise, it can be said that the profitability of the enterprise during the 2016-2017 period is high, during the whole period it increased, which is related to the profitable activity of the enterprise. Such high values of profitability indicators testify to the effective financial and economic activity of LLC «ASTOR and Co.» .

We will evaluate the financial status of LLC «ASTOR and Co.» using the Dyupon model. The modification of the Dyupon formula is a five-factor monetization of net profitability of equity capital:

(2.6)

$$= \frac{NP}{Eq} * \frac{PSG}{AcP} * \frac{AcP}{R} * \frac{R}{TA}$$

where NP (ЧП) – net profit remaining at the disposal of the enterprise after taxation;

Eq – equity at the latest reporting date;

PSG – profit from the sale of goods;

AcP - accounting profit (profit before tax);

R – Revenue (netto) from sales of sold goods;

TA – total assets of the enterprise at the last reporting date.

The results of calculations of this model are presented in Table. 2.15.

Table 2.15

Calculation of the Dyupon coefficient for LLC «ASTOR and Co.» for the period 2015-2017 years.

Indicator	2015 year	2016 year	2017 year
NP / PSG	0,056	-0,013	0,014
PSG / AcP	17,798	-79,465	60,430
AcP / R	0,056	-0,013	0,017
R /TA	2,279	13,463	16,411
TA/ Eq	9,512	9,512	9,512
Coefficient ROE	1,218	-1,612	2,119

According to the table. 2.15, it is evident that the greatest impact on the profitability of equity capital is the coefficient of financial dependence, which proves the increase in the share of financial assets from its own and the increase of the dependence of the company on external sources. All other factors in the dynamics diminished, and this, *otpovydno*, negative for the enterprise. The decrease in the profitability of own capital testifies to ineffective investment of own capital in the activity of the enterprise; the profitability of sales indicates that the efficiency of the delivery of the product has decreased, and the profits received by the enterprises in the scope of implementation of this production have decreased; The point of the resource provider indicates a reduction in net proceeds from the sale of the unit to the assets invested in.

According to the results of the survey, it should be noted that the income of the company in 2017 equaled from 2015, due to which LLC "ASTOR and Co." would definitely increase the capital by utilizing its own sources, without attracting some time for the funds, which did not present a risk of non-payment.

So, analyzing the financial status and effectiveness of financial management of LLC "ASTOR and Co.", we can conclude that a stable financial situation in the enterprise. It should be noted that in the dynamics there was an increase in the values of many indicators, but mostly within the established norms. The indicators of financial sustainability during 2015-2017 are increasing and reshaping within the regulatory framework, which indicates an improvement in the capital structure of the enterprise.

CHAPTER 3

DIRECTIONS OF IMPROVEMENT OF FINANCIAL SUSTAINABILITY MANAGEMENT OF THE ENTERPRISE

3.1. Justification of the needs of the enterprise in the assets and sources of their formation in the planned period

Formation and management of asset management processes of LLC «ASTOR and Co.» is fundamental in the overall complex of tasks to increase their efficiency. Therefore, it is necessary to consider the main components and stages when constructing a rational model of asset management at the enterprise. Effective asset management at LLC «ASTOR and Co.» plays an important role in ensuring the continuity of the company, increasing the profitability of production depends on many factors. Nowadays, the factors of the crisis state of the economy provide a huge negative influence on the change in the efficiency of management of current assets and in the slowing down of their turnover.

Asset management is a complex process in the financial and business activities of LLC "ASTOR and Co.". Its complexity is determined by the following tasks: the formation of a sufficient amount of assets used in the operating process; formation of an effective structure of current assets, acceleration of turnover of circulating assets and ensuring the company's steady liquidity and solvency. Asset management at LLC «ASTOR and Co.» must meet certain requirements that impose an imprint on the management and must necessarily be carried out at each stage.

Among the above-mentioned principles of asset management of LLC «ASTOR and Co.» it is necessary to distinguish the principle of reliability, since the information provided in the financial statements must be adequate and designed for the unequivocal interpretation by its users, contain relevant information that influences decision-making, and also gives an opportunity to evaluate in time the past, present and future events.

It is necessary to identify such key principles of asset management in LLC «ASTOR and Co.» :

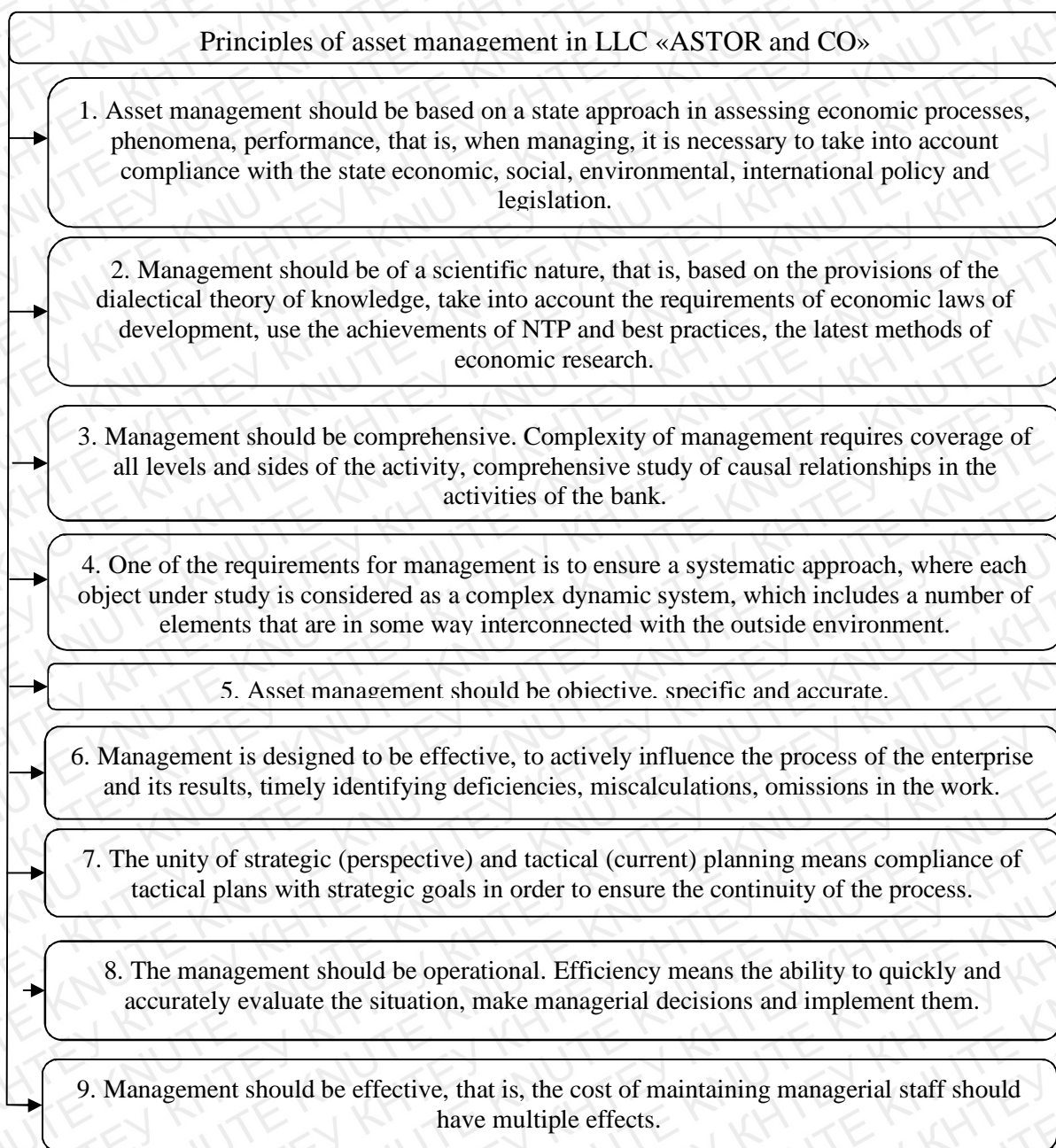


Fig. 3.1. The most important principles of asset management in LLC «ASTOR and Co.» (author's approach)

At «LLC «ASTOR and Co.» .», there should be such an organization of financial and economic activity, which provides an opportunity to obtain objective

financial reporting, which will become an information base for analysis, forecast and development of management decisions.

For effective asset management of LLC «ASTOR and Co.» it is necessary :

- adequate information base, which should be sufficient and reliable for thorough analysis for the purpose of managerial influence;
- providing uniform methodological principles for the organization and keeping records of individual components of assets, liabilities and capital, which causes the comparison of data base information;
- the effectiveness of management decisions that provides transparency of the information base, which becomes especially important during periods of economic crisis, corruption and insustainability of the economy.

Therefore, in order to assure the effectiveness of asset management of LLC “ASTOR and Co.”, an accounting policy is essential to create an accounting system at the enterprise that allows it to recognize the financial statements as reliable and reliable. The principles and methods enshrined in it in accordance with the principle of consistency should be applied continuously (from year to year).

An important role in increasing the business activity of the company is to accelerate the turnover of capital, because the faster the capital will make the circulation, the more the company will receive and sell products (works, services) with the same amount of capital for a certain period of time. Accelerating the turnover of current assets depends on the time they stay at different stages of the production and sales cycle, reducing its duration and, consequently, acceleration of turnover of current assets is a priority task of increasing the business activity of the enterprise in modern conditions and is achieved in different ways.

Increasing the efficiency of current assets of LLC «ASTOR and Co.» contributes to the economic stimulation of their rational use. Thus, the main ways to increase the efficiency of using current assets of LLC «ASTOR and Co.» can be considered:

1. Increase in the volume of manufactured and sold products.
2. Reducing the cost of the process of selling products.

3. Reduced costs of the enterprise.
4. Systematic control over distribution of means of production.
5. Increased productivity of workers.
6. Professional development.
7. Implementation of the latest technologies.
8. Creation of marketing services at the enterprise.
9. Reconstruction and modernization of the enterprise.

We offer to LLC «ASTOR and Co.» to move from a conservative to a moderate (compromise) approach to financing current assets. In fig. 3.2 we give the features of moderate financing of current assets in LLC «ASTOR and Co.» .

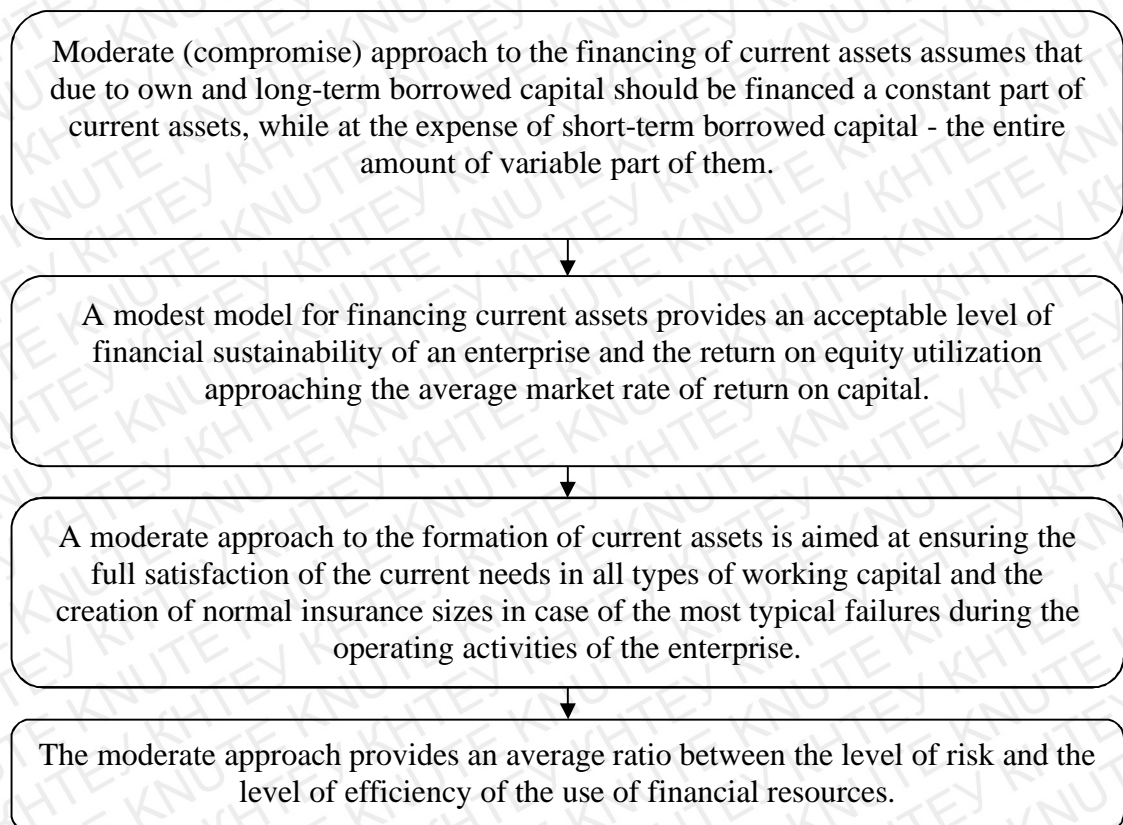


Fig. 3.2. Features of moderate financing of current assets in LLC «ASTOR and Co.» for the future (own development)

Thus, the formation and use of assets is associated with the risks of financial losses both in the absence of current assets and their surplus. Consequently, on the basis of the analysis of the efficiency of current assets must be based on the financial

policy of management of working capital of the enterprise. If cash, accounts receivable and inventory are maintained at relatively low levels, then the probability of insolvency or lack of funds for a profitable activity is high. In this regard, it should be noted that the policy of working capital management is to find a compromise between the efficiency of the formation and financing of current assets.

At the current stage of economic development, LLC «ASTOR and Co.» practically does not have the ability to function normally due to the availability of receivables that divert money from turnover. It should be noted that when managing receivables it is necessary to substantiate the expediency of granting delays in payment to customers (Fig. 3.3).

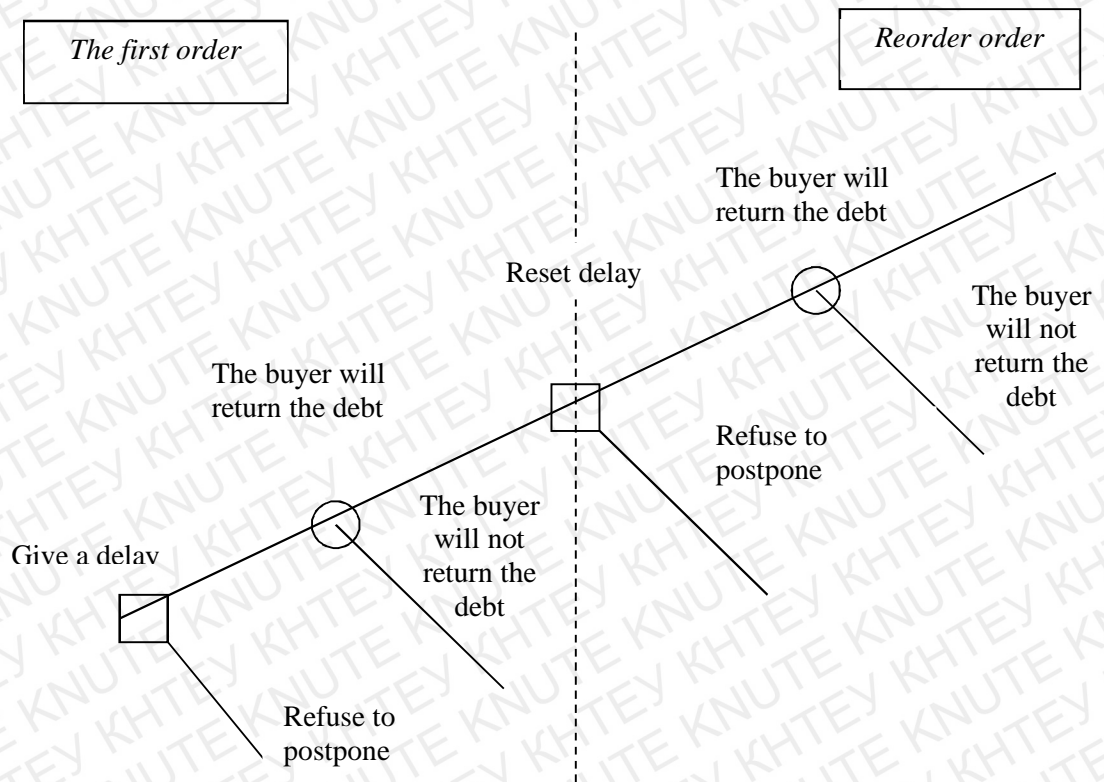


Fig. 3.3. Tree of decisions on granting of delays payments to the buyer of products in LLC "ASTOR and Co."

Thus, if there is no probability of re-ordering, it is better to refuse the buyer in a commercial loan and thereby avoid the damage. But in the case when there is a

high probability that the buyer will pay for the first order and in the future will become a regular customer of the company, it is advisable to mitigate the terms of payments. In this case, the losses from the first transactions will be offset by profits from subsequent orders.

Given the specifics of financial and economic activity of LLC «ASTOR and Co.» in the process of debt management and the definition and justification of settlement operations on the basis of the use of the method of optimizing financial decisions, it is expedient to use such criteria for optimizing financial decisions and implementing the model of cash settlements:

- maximum capital cost of the enterprise;
- minimize overhead costs;
- reduction of the period of immobilization of financial resources in the sphere of circulation;
- maximize the use of the financial leverage effect;
- maximizing the absolute amount of company profits and maximizing profits per unit of invested capital;
- maximizing return on equity;
- minimizing the duration of capital turnover, that is, accelerating the turnover of capital;
- minimization of tax liabilities, etc.

The main objective of LLC ASTOR and Co.'s accounts receivable management is to minimize its size and terms of debt collection. Based on this, we propose an algorithm for debt management, which is most appropriate for those enterprises that have significant amounts of indebtedness. The algorithm consists of two blocks, each of which is divided into several stages (Fig. 3.4). In more detail, the mechanism of its operation is described below.

An important issue when constructing an enterprise debt management algorithm is the classification of indebtedness, which is the basis for its functioning. The traditional classification of indebtedness implies its distribution depending on the maturity of the current and long-term.

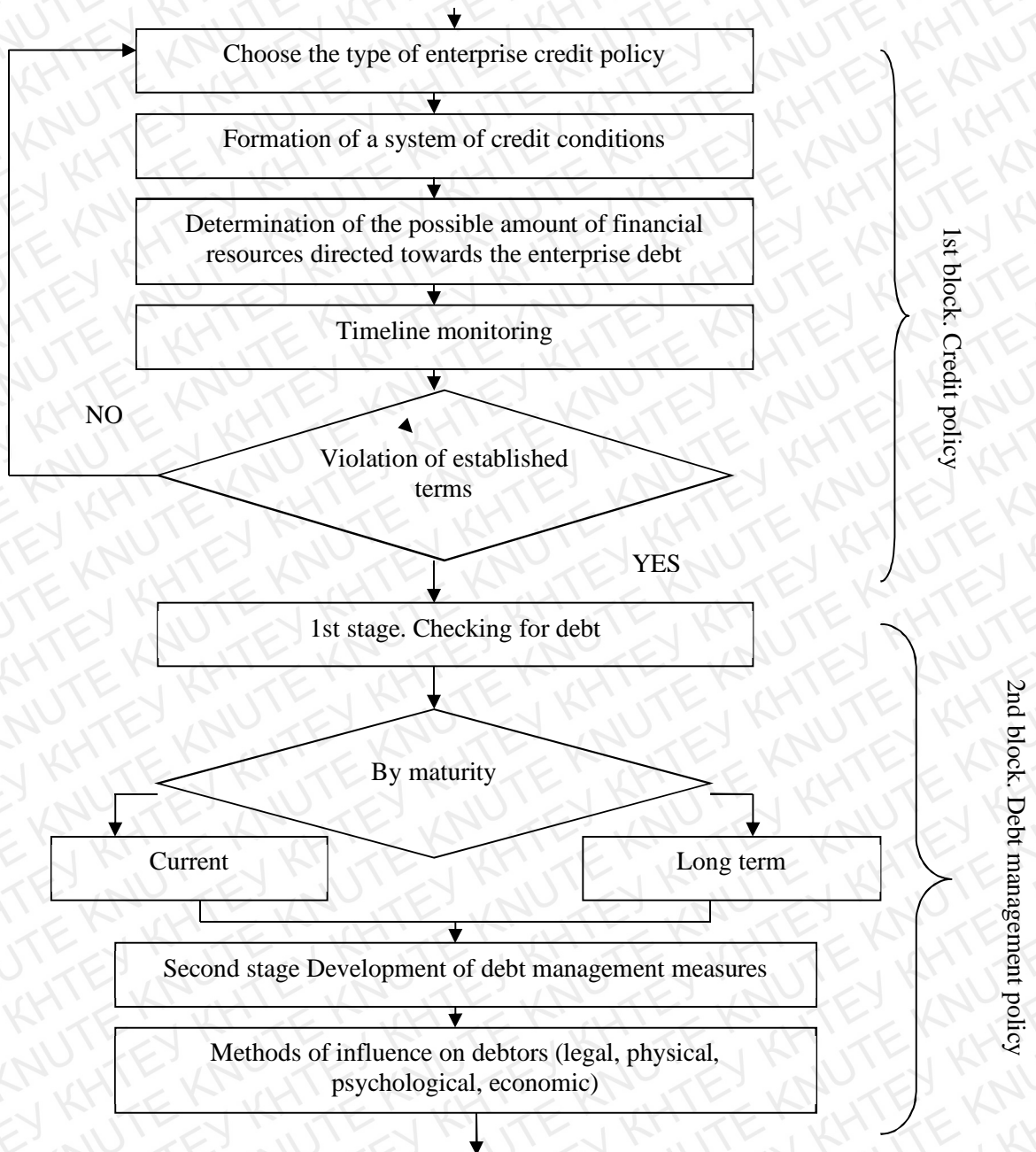


Fig. 3.4. Algorithm of management of accounts receivable of the enterprise

In particular, current debt is due, which will be repaid during the operating cycle of the enterprise or should be repaid within twelve months from the balance sheet date. Long-term is an indebtedness that will be settled after twelve months from the balance sheet date.

The first block (credit policy) essentially provides for a reasonable choice of the amount of debt, which takes place in five stages. The main interconnected stages of the first block of the enterprise are the choice of the type of the credit policy of

the enterprise in relation to the buyers of products, the formation of a system of credit conditions, the determination of the possible amount of working capital, directed to accounts receivable on a loan, the formation of standards for the assessment of buyers and the differentiation of loan conditions, monitoring of the repayment terms of the amount of debt.

The next stage of credit policy is the formation of a system of credit conditions. The composition of these conditions includes the following elements: the term of the loan; the amount of the loan provided; system of penalties for delaying the fulfillment of obligations by buyers; the cost of providing a loan, that is, a system of price discounts for the implementation of immediate payments for the purchased products. To attract an additional number of customers, and thus to win the competition, it is possible, by removing the deadline for payment for the shipping of the product, or by providing a discount to the price, if the payment is carried out before the contracted in the contract term.

Consequently, for effective management of the receivables of the company as an important component of current assets of LLC «ASTOR and Co.» it is necessary to: control the status of settlements with clients for delayed (overdue) debt; Collaborate with more customers to reduce the risk of not paying one or more of them; control the ratio of receivables and payables: a significant excess of receivables poses a threat to financial sustainability and makes it necessary to attract additional sources of funding; use the system of discounts for early payment; to determine the term of overdue balances on accounts of debtors and to compare this term with the norms in the industry, indicators of competitors and data of past years; in case of problems with obtaining money, it is expedient to receive a pledge of not less than the amount on the account of the debtor; sell accounts of debtors to factoring companies; bank; when selling a large quantity of goods it is necessary to immediately bill buyers; it is necessary to more closely monitor large debtors - non-payment of debts which will most negatively affect the financial condition of the enterprise.

Enterprises should strive to balance risk, then they will get the most profit. Therefore, there is an objective need for the development of circulating assets regulation that will create a trade-off between the risk of loss of profitability and the risk of loss of financial sustainability and solvency. The indicated directions are summarized in Table 3.2.

Table 3.2

The main directions of asset management at LLC «ASTOR and Co.» .”

Element	Directions of regulation
Inventory	<ol style="list-style-type: none"> 1. Reducing the volume and stock valuation: detecting and reducing illiquid stocks; optimization of inventory nomenclature, development and implementation of measures for reduction of stocks to the optimum level; development and implementation of the methodology for calculating the optimal amount of the lot, the normative values of stocks, management of the distribution of stocks (including the drawing up of a technical task for the implementation of the methodology in information systems). 2. Accelerating the turnover of inventories due to their optimal volume and increase sales proceeds. 3. Reducing procurement costs: auditing existing suppliers (contracts), optimizing the pool of suppliers, offering alternative sources and procurement schemes aimed at lowering prices and improving other business conditions; reducing the cost of shipping and storing inventory.
Accounts receivable and payable arrears	<ol style="list-style-type: none"> 1. Market analysis, comparison with the situation of competitors, determination of the best (typical) payment terms. 2. Reducing payments for buyers. 3. Розробка та впровадження ефективних механізмів контролю платежів: automated accounting of accounts receivable and payables, creation of forms and mechanisms for conducting operational management reporting. 4. Reductions of overdue receivables, decrease of the period of turnover due to alternative financial instruments 5. Increase sales volume and decrease the number of sales with the condition of the language delayed payments.
Cash	<ol style="list-style-type: none"> 1. Determining the optimal limits of cash balances on accounts, developing methodologies and mechanisms for valuation. 2. Preparation and implementation of procedures for operational planning and control of cash flow. 3. Reduced time for receipt of funds for sold products. 4. Optimization of periods of payments on obligations of the enterprise.

Using the proposed directions of asset management, we forecast its ability to change and influence the turnover rate of assets (Table 3.3).

Table 3.3

**Organizational Measures to Increase the Efficiency of Asset Management at
LLC «ASTOR and Co.»**

Areas of improvement of asset management policy	Change the value	Actual value (2017 y.)	Scheduled value
Increase in profit due to lower value of goods, due to the search for new suppliers of goods (realized through constant monitoring of Internet resources, use of wholesale purchases), thousand UAH.	20%	1642	1970,4
Profitability	x	1,655	1,986
Reduction in receivables due to the reduction of overdue receivables and due to changes in payment terms (application of 100% subscription for goods)	50%	8607	4303,5
Liquidity	x	1,007	1,208
Asset turnover rate	x	8,495	10,194

Thus, the planned increase in profits by 20% will increase the profitability of the enterprise. In particular, reducing the receivables will reduce the liquidity of the company and, as a result, will change the degree of risk. This will change the model of asset formation, and the company will receive a more effective and safe asset management policy (Figure 3.5).

<i>Financing of current assets</i>	Conservative		
	Compromise	Scheduled value	Actual value
	Aggressive		
	Ideal		
	Aggressive	Moderate	Conservative
<i>Generation of current assets</i>			

Fig. 3.5. Matrix of asset management policy of LLC «ASTOR and Co.» .

Thus, as a result of the analysis of increasing the efficiency of the existing asset management policy of the enterprise, it should be noted that the proposed directions of its improvement in the future should provide LLC «ASTOR and Co.» with an effectively formed and funded level of assets that will ensure a compromise between the risk of loss of profitability and the risk of financial loss. sustainability and solvency. Also, LLC «ASTOR and Co.» should increase the efficiency of

operational management of assets of the company by: reducing cash payments; acceleration of collection of receivables; the opening of a "credit line" in the bank, which provides operational receipt of means of short-term credit, if necessary, the urgent replenishment of the balance of monetary assets; acceleration of collection of funds in order to replenish them on the current account in order to ensure timely calculations of the enterprise in non-cash form; use in separate periods of partial prepayment of delivered products, if this does not lead to a decrease in the volume of its sale.

Improving the management of the economic potential of an enterprise depends on a timely and reliable evaluation of all its components using a variety of methods and techniques. The effectiveness of management of economic potential is characterized by four groups of indicators: solvency, financial sustainability, business activity and profitability. Their values depend on the dynamics of indicators that determine the volume of income and profits of the enterprise, the composition and structure of assets and capital. Taking into account this, the use of the economic-statistical method, which involves extrapolating the values of indicators directly to the indicators of economic potential, is impossible. Estimate predictive values of the efficiency of management of the economic potential of the enterprise is possible only by the results of the development of the planned balance sheet and the report on the financial results of the enterprise.

The activities of LLC "ASTOR and Co." in 2015-2017 are characterized by profitability at an adequate level and improvement of the efficiency of utilization of economic potential in 2017. The management of LLC "ASTOR and Co." sees the maintenance of a positive trend of growth of net income (proceeds) from sales of products, works, services, taking into account the development of new areas of activity (service trade in, which allows you to exchange old car for a new, insurance services, assistance in obtaining auto loans, leasing).

Therefore, the proceeds from the sale of products of LLC "ASTOR and Co." in 2018 can be predicted in this way:

1. Determination of the growth rate of proceeds from the sale of products in the mean geometric (Тпр):

$$T_{np} = \sqrt[3]{\frac{120980}{16801}} = 1,93.$$

2. Calculation of net income (proceeds) from sales of products of LLC "ASTOR and Co." on the use of the average growth rate:

$$\text{Revenue} = 120980 * 1,93 = 233491,4 \text{ thousand UAH}$$

The cost of sales is taken at the level of its share in the proceeds from the sale of products in 2017 - 88.89% (108744/120980). Therefore, in the planned 2018 its value will be - 207550,5 ths UAH (233491,4 * 0,8889).

Gross profit of LLC "ASTOR and Co." in 2018 will be:

$$233491,4 - 207550,5 = 25940,89 \text{ ths. UAH.}$$

LLC "ASTOR and Co." plans to maintain a tendency towards other indicators of financial and economic activity of the enterprise. Therefore, all other indicators in 2018 can be determined by a similar method, as well as the proceeds from the implementation:

1. Determination of the growth rate of administrative expenses

$$= \frac{3\sqrt{\quad} - 747}{161}$$

LLC "ASTOR and Co." plans to increase its administrative costs to 759.47 ths. UAH.

2. Calculation of the growth rate of sales costs :

$$= \frac{3\sqrt{9212}}{2190} = 1,61$$

LLC "ASTOR and Co." plans to increase sales expenses to 9360.31 ths. UAH.

3. Calculation of the growth rate of other operating expenses

$$\text{oth. oper. exp.} = \frac{3\sqrt{275}}{4}$$

LLC "ASTOR and Co." plans to increase other operating expenses to 1127.5 ths. UAH.

Thus, LLC "ASTOR and Co." will receive such a financial result before taxation:

$$25940,89 - 759,47 - 9360,31 - 1127,5 = 14693,61 \text{ ths. UAH.}$$

The amount of tax on income, taking into account the tax rate of 18%, will be:

$$14693,61 * 0,18 = 2644,85 \text{ ths. UAH.}$$

In the planned year, LLC "ASTOR and Co." will receive a net profit for the amount:

$$14693,61 - 2644,85 = 12048,76 \text{ ths. UAH.}$$

The information on volumes of sales of LLC "ASTOR and Co." and financial results in 2018 is given in the table. 3.2.

Table 3.2

Dynamics of sales volumes and financial results of of LLC "ASTOR and Co." in 2017-2018, ths. UAH.

Indicator	2017 (reporting)	2018 (planned)	Absolute deviation, ths. UAH	Rate of growth%
Net income (revenue) from sales of products	120980,00	233491,40	+112511,40	+93,00
Cost of sold products	108744,00	207550,50	+98806,50	+90,86
Gross profit	12236,00	25940,89	+13704,89	+112,00
Administrative expenses	747,00	759,47	+12,47	+1,67
Selling expenses	9212,00	9360,31	+148,31	+1,61
Other operating expenses	275,00	1127,50	+852,50	+310,00
Financial result before tax	1722,00	14693,61	+12971,61	+753,29
Income tax expense	360,00	2644,85	+2284,85	+634,68
Net financial result (profit)	1642,00	12048,76	+10406,76	+633,79

Net revenue (revenue) from sales of products will increase in LLC "ASTOR and Co." in the planned year by 11,251,40 thousand UAH, gross profit will increase by 13704,89 thousand UAH, the financial result before taxation will increase by 12971,61 thousand UAH , and net profit - by 10406.76 thousand UAH.

The use of net profit to increase the economic potential of LLC "ASTOR and Co." will become a significant reserve of its increase, but you also need to consider the efficiency of the use of resources.

We will calculate net capitalized profit in 2018 and profit aimed for consumption.

Capitalized profit characterizes the amount that is intended to finance the growth of company assets and, consequently, to increase its economic potential, and net profit, aimed at consumption - that amount, which is aimed at making payments to owners, staff or social programs of the enterprise.

To calculate the distribution of profit, it is necessary to determine its capitalization ratio in 2018 and, accordingly, to calculate the amount of net profit, which is directed to the fund of consumption and accumulation:

1. Net income capitalization ratio = (retained earnings as of December 31, 2017 - retained earnings as of January 1, 2017) * 100 / net profit 2017.

$$\text{Capitalization ratio} = (774 - 540) * 100 / 1642 = 14.25\%$$

2. We forecast the distribution of profit in 2018, based on the planned capitalization rate:

$$\text{Net profit (capitalized)} = 14.25\% * 1642 = 234 \text{ ths. UAH.}$$

$$\text{Net profit (for consumption)} = 1642 - 234 = 1408 \text{ ths. UAH.}$$

The next step in planning the financial and economic activity of the enterprise is the calculation of the planned values of assets of LLC "ASTOR and Co.".

The planning of the volumes of intangible assets of LLC "ASTOR and Co." in 2018 should be carried out by direct technical and economic calculations according to individual articles.

An enterprise next year plans to purchase intangible assets, as a result, their total volume at the initial cost will be 5 thousand UAH. Accordingly, their values at the end of the planning period will be equal to the residual value, for determining which is required to calculate the amount of depreciation. The enterprise in its practice uses a straight-line method of accrual of depreciation.

As for fixed assets, the company plans to purchase additional equipment worth 510 ths. UAH. Therefore, the residual value of fixed assets will consist of the residual value of available fixed assets and new premises. Amortization deductions for existing fixed assets are taken at the level of the previous year - 212,0 ths. UAH. Then their residual value at the end of the planning period will amount to - 298.0 ths. UAH. (510.0 - 212.0). Amortization deductions for additional equipment for the

year will amount to 19.0 thousand UAH, thus their residual value at the end of the planning period is 285.0 ths. UAH. The aggregate residual value of fixed assets will be 298.0 ths. UAH. (285.0 + 13.0).

Thus, the planned volume of non-current assets at the end of the planning period will be 303.0 ths. UAH. (Table 3.3).

Table 3.3

Volume of non-current assets of LLC "ASTOR and Co." at the end of the planning period, ths.

Non-current assets	Amount of non-current assets at the end of the planning period
Intangible assets	
residual value	5,0
initial value	5,0
Fixed assets	
residual value	298
initial value	510
Total non-current assets	303

The justification of the planned volume of current assets of the enterprise is carried out using the economic-statistical method. But the simple transfer of the growth rate of current assets is not correct, since the change in their volumes has a direct relationship with the volume of activities of the enterprise. Therefore, the transfer of trends in the volumes of revolving assets should be carried out in conjunction with the volume of activities of the enterprise. This is ensured by the use of the period of turnover for certain items of current assets.

The basic formula for calculating the planned volume of current assets on the basis of the period of turnover:

$$= TR * \text{OneDvApl} , \quad (3.1)$$

where – item of current assets in the planned period, ths. UAH;

TR– period of turnover of the i-th article of current assets in the reporting period, days;

OneDvApl – one-day volume of activity in the planned period, ths.

In this formula, in the calculation of one-day activity, as well as the period of turnover of certain items of current assets, used net income or cost of goods sold (works, services). This is determined by the nature of certain articles of current assets: for the calculation of turnover indicators for material working assets used cost of sales, for other articles (receivables, cash) - net income.

Intermediate results of calculations of turnover periods of certain components of current assets are presented in Table. 3.4.

Table 3.4

The period of turnover of current assets of LLC“ASTOR and Co.” in the reporting period, days

Indexes	Period of turnover in the reported year
Stocks	16,3
Receivables	24,49
Money and their equivalents	1,04

The period of inventory turnover as a component of the current assets of the enterprise for the reporting period is calculated:

$$(4633+5215)/2/108744*360= 16,3 \text{ days.}$$

The turnover period of accounts receivable is calculated, in contrast to the period of inventory turnover, as the ratio of its average and net sales revenue:

$$(7850+8607)/2/120980*360=24,49 \text{ days.}$$

Similarly: as the ratio of the average value and the net proceeds from sales, periods are calculated for other components of current assets.

On the basis of calculated periods of turnover determined volumes of current assets for the planned period. The planned amount of stocks is calculated as the product of their period of turnover for the reporting period and one-day sales volume at cost:

$$16,3*108744/360= 4923,69 \text{ ths. UAH.}$$

The planned amount of receivables is defined as the product of the period of its turnover in the reporting period and one-day net income:

$$24,49*120980/360= 8230 \text{ ths. UAH.}$$

Planned volumes on other components of current assets of the enterprise are calculated as the product of their period of turnover of the reporting period and one-day net income from sales of products in the planned period.

The amount of cash is determined as the product of the ratio of cash and revenue from sales in 2017 and sales revenue from 2018:

Amount of cash in 2018 = $(319/308) * 120980 = 12530,71$ ths. UAH.

The results of the justification of the planned volume of current assets are presented in Table. 3.5.

Table 3.5

**Results of calculation of planned volumes of current assets
of LLC "ASTOR and Co." in 2018, ths. UAH**

Indicators	At the end of the planning period
Stocks	4923,69
Receivables	8230,00
Money and their equivalents	12530,71
Total current assets	25684,4

The planned volume of assets of an enterprise is the sum of planned volumes of irreversible and negotiable components:

$303,0 + 25684,4 = 25987,4$ ths. UAH.

The planned amount of capital of an enterprise, which should correspond to the planned amount of its assets, is calculated on the basis of its main components.

Justification of the planned volume of own capital is carried out using the method of direct technical and economic calculations. In the planned period, the company does not foresee changes in the authorized capital, capital in additional valuations, additional and reserve capital, that is, their volume in this period will remain equal to the volumes of the reporting period. The planned unallotted profit is planned taking into account its capitalization.

Thus, the company's equity in 2018 is equal:

$1,0 + 234,0 = 235,0$ ths. UAH.

The next step in substantiating the planned amount of capital is to determine the planned amount of current liabilities, in particular, the component that has a

direct relationship with the volumes of production and sales: current payables for goods, works, services. It is expedient to determine its planned volume in relation to the volume of proceeds from sales of products at cost: based on the time of turnover of payables in the reporting period. The results of calculating the periods of turnover are presented in Table. 3.6.

Table 3.6

Calculation of turnover indicators of trade payables of LLC "ASTOR and Co." in the reporting period, days

Indicator	Period of turnover in the reporting period
Current payables	76,63

The period of turnover of individual components of payables is calculated by dividing the average amount of payables by the amount of cost of sales and multiplying the result by 360 days.

The basic formula for calculating the planned volume of accounts payable by its separate components is as follows:

$$=Tp * Sppl, \quad (3.2)$$

– i-th item of accounts payable in the planned period, ths. UAH;

TP - period of turnover of the i-th article of the payables in the reporting period, days;

Sppl – one-day volume of sales of products at cost in the planned period, ths.

Consequently, the planned volume of accounts payable in the planned period is equal to: $76.63 * 120980/360 = 25752.4$ ths. UAH.

The results of the planned calculations of individual components of the balance sheet of the enterprise can be presented in aggregated form in the form of a table. 3.7.

Table 3.7

The aggregated balance plan of LLC "ASTOR and Co." in 2018, ths. UAH

Assets		Passive	
Article	Sum	Article	Sum
Non-current assets	303,0	Equity	235,0
Current assets, total, incl.	25684,4	Current liabilities	25752,4
Stocks	4923,69	-	-
Receivables	8230,00	-	-
Money and their equivalents	12530,71	-	-
Total assets	25987,4	Total capital	25987,4

Thus, according to the planned activities in 2018, LLC “ASTOR and Co.” retains its own independence from borrowed financing sources, but this indicates the relative inefficiency of using the economic potential of the enterprise and the imbalance in its capital structure. In general, the growth of the economic potential of LLC “ASTOR and Co.” will take place provided that the marketing department of the company provided reasonable information on the prospects of increasing the volume of activities for the future.

3.2. Predicted assessment of financial sustainability of the enterprise

The conducted research allowed to establish that in the management of the activity of LLC «ASTOR and Co.» and, in particular, in the management of the financial condition of the company there are significant problems that do not allow to ensure a high level of efficiency of economic activity and stable development. That is why we consider it necessary to develop a program to improve the financial position of LLC "ASTOR and Co.".

The program of improvement of the financial condition of the enterprise should be directed, first of all, to the solution of the existing problems. That is why we will define the problems that today exist in LLC "ASTOR and Co.". Yes, they belong to them:

- increase of receivables for products, goods and services;

- increase in wage arrears;
- significant reduction of net income from sales of products;
- decrease in the amount of net profit, and hence the profitability of the activity in terms of profit;
- financing of current activity at the expense of accounts payable;
- the length of the turnover of payables and receivables is considerable;
- significant length of the operating cycle;
- availability of liquidity problems;
- lack of own working capital;
- a critical type of financial sustainability.

So, we decided on the main problems of the financial condition of LLC "ASTOR and Co.", and now on the basis of this should form a program to improve the financial condition of the enterprise. To form the program, it is necessary to form a list of key areas for improvement of the financial state. From our point of view, these should be the following:

- Improved management of accounts receivable;
- Improvement of management of accounts payable;
- Improving management of financing activities.

Now it is necessary to form a list of concrete measures to be implemented in each of the identified areas in order to achieve the ultimate goal of improving the financial position of LLC «ASTOR and Co.» The above list will be presented in the table. 3.4.

First of all, in order to increase the effectiveness of LLC «ASTOR and Co.» and improve the financial position of the company, it is necessary to streamline its working capital structure and increase its liquidity by reducing the amounts receivable.

Table 3.4

**A list of tasks for improving the financial status of LLC «ASTOR and Co.»
for each direction**

Direction	List of tasks to be performed
Improved management of accounts receivable	Improve credit policy and cash payments
	Implement measures to stimulate payments by fact
	Ensure effective control of payments
Improvement of management of accounts payable	Develop a payment calendar and ensure its execution
	Apply alternative sources of financing activities
	To stimulate sales by increasing the amount of own funds
Improved management of financing activities	Choosing the best strategy for financing current assets
	Ensuring solvency
	Ensuring an acceptable volume, structure and profitability of your working capital

The main areas of work of LLC «ASTOR and Co.» in relation to reducing amounts receivable should be the following:

- application of the ABC method of control of accounts receivable;
- improvement of the credit policy of the enterprise and monetary payments;
- application of modern methods of refinancing receivables.

A special task to improve the management of accounts receivable is to establish an optimal ratio between sales revenue and receivables. So, as shown by the preliminary analysis, the reduction in the volume of income of the company was accompanied by an increase in receivables. That is, even providing a significant delay in payments did not encourage contractors to increase the volume of their products. Consequently, this method should not be used, but rather, measures should be developed to encourage customers to pay for the received products on the basis of its receipt.

The main solution from the described situation, from our point of view, is to stimulate the maximum number of payments for the provision of services. In particular, such incentives can be made by providing certain discounts when making payments on the sale of products, goods and services, or in general in advance. In this way, the long-term positive effect for the economic activity of LLC «ASTOR and Co.» will be achieved.

In this case, it should be noted that the positive effect was the decision of the management to switch to a partial trade in goods purchased for sale, since this allowed to significantly increase the volume of income of the enterprise from the sale of products. That is why we consider it necessary to continue to develop the trading activity of LLC "ASTOR and Co.", as this will enable an increase in the company's cash resources, that is, financial resources to finance current activities.

Positive effect of trade activity was also increased profitability, that is, the effectiveness of business activities LLC "ASTOR and Co.". However, from our point of view, it is better to provide a low, but stable, level of profitability when increasing sales, increase the volume of liquid assets and, thus, increase solvency and improve the financial position of the entity.

As of 01.01.2017 the average mark-up on the enterprise was 15%, which allowed to ensure the overall profitability of the company's economic activity at the level of 7.7%.

That is why, in order to improve the financial position of LLC “ASTOR and Co.”, we propose to establish a fixed rate of return at the level of 15% - this will be absolutely sufficient for the gradual development of activities, and at the same time, in the shortest possible time, significantly improve the financial condition of the enterprise, because the decrease in prices for products and goods will lead to an increase in sales volumes and, thus, an increase in the volume of funds to finance current activities.

Another important point for the company is ensuring an acceptable volume, structure and profitability of working capital. The strategic and current efficiency of current assets is affected by the ratio of sources of funding. If the constant amount

of short-term (current) liabilities increases the size of its own sources and long-term loans, then financial sustainability and solvency will increase, but the efficiency of the use of equity capital will decrease.

On the contrary, with a constant amount of equity capital and long-term liabilities, the growth of the amount of short-term loans in the formation of working capital will lead to a decrease in the amount of net working capital. At the same time, a strategic increase in the effect of the financial leverage can be achieved, but due to the increase in current liabilities and the increase in the frequency of debt repayments, financial sustainability and solvency in the short run will decrease.

Also, since one of the main problems of the company is the ineffective financing policy, an important measure is the development of a new financing policy, justifying the possibility of attracting funds from other sources of alternative accounts receivable. In particular, short-term bank loans may become such other sources. Of course, at this stage, attraction of bank loans is unlikely as a result of the too bad financial state of LLC «ASTOR and Co.» However, if the measures of the program of improvement of the financial state in 2018 are implemented, from the beginning of 2019, the financial indicators of the enterprise will be much better and will be possible to integrate funds from alternative sources to financing current activities. This should be done, because, as the results of the previous analysis show, the company is not able to fully finance its current activities at its own expense, without compromising the indicators of its own financial sustainability and solvency.

Consequently, we decided on concrete measures of the program of improving the financial condition of LLC «ASTOR and Co.» ". Now it is worth setting up responsible persons for its implementation. At the same time responsible from our point of view should be not financiers or economists, and managers of the enterprise - department heads, functional directors - since they own technology, manage production and other business processes, make decisions within the limits of production and economic activity (tabl 3.5).

Table 3.5

Establishing responsible persons and timing of tasks for each of the directions of improving the financial position of LLC “ASTOR and Co.”

Task	Responsible person	Deadline for execution
Improved management of accounts receivable activities		
Improve credit policy and cash payments	CFO	01.03.2019
Implement measures to stimulate payments by fact	Head of sales department	01.04.2019
Ensure effective control of payments	Head of Planning and Economic Department	01.04.2019
Improvement of management of accounts payable		
Develop a payment calendar and ensure its execution	Head of Planning and Economic Department, CFO	01.03.2019
Apply alternative sources of financing activities	CFO	31.12.2019
To stimulate sales and to increase the volume of own funds	Head of sales department	31.12.2019
Improved management of financing activities		
Choosing the best strategy for financing current assets	CFO	01.03.2019
Ensuring solvency		31.12.2019
Ensuring an acceptable volume, structure and profitability of your working capital		31.12.2019

Major changes are proposed starting from the 2nd quarter of 2019, or at least from March 1, 2019. Thus, the managers of LLC «ASTOR and Co.» will have time not only to develop new managerial approaches, policies, strategies, etc., but also to discuss them at the General Shareholders Meeting in order to approve the decisions made by all owners of the enterprise.

The same tasks that require improvement of the company's performance and, in particular, increase its solvency, improve the structure and increase the profitability of its working capital, etc., should be completed by the end of 2019. That is, it means that the results of management decisions aimed at fulfilling the

proposed tasks should be noticed already in the annual report of LLC «ASTOR and Co.» for 2019.

Consequently, we have formed a list of responsible persons and deadlines for fulfilling the tasks of each of the directions of the program for improving the financial position of LLC «ASTOR and Co.» Detailed development of strategies, policies, management techniques, etc. should be carried out by the responsible persons or subordinate staff already mentioned.

At the same time, we consider it necessary to assess the effectiveness of the measures we propose, which requires the forecasting of the main indicators of the financial state of the enterprise.

In order to determine the effectiveness of the program of improvement of the financial state of LLC «ASTOR and Co.», developed by us, it is necessary to prepare a forecast financial statement of the enterprise.

To compile the forecast balance of the company we will use the combined forecasting method. This method refers to methods that predict forms of reporting in the aggregated nomenclature of articles, but at the same time allowing to take into account the interrelations between individual reporting forms.

Let's start formulating forward-looking statements for drawing up a forecast report on financial results (Table 3.6).

Table 3.6

**Forecast report on the financial results of LLC «ASTOR and Co.» as of
December 31, 2018**

Article	Amount, ths. UAH	
	As of December 31, 2017	As of December 31, 2018
Net income from sales of products	120980	129449
Cost of sold products	108744	110032
Gross profit	12236	19417
Administrative expenses	747	821,7
Selling expenses	9212	10593,8
Net profit	1642	1740,5

According to the company's management, implementation of the measures we propose within the framework of the program to improve the financial state will increase the net income from sales by 7%. Proceeding from this, the forecast amount of net income from sales of goods will be:

$$120980 + 120980 \cdot 0,07 = 129449 \text{ ths. UAH.}$$

As for the cost price of sold products, since we have not been offered any measures to influence its level, then in the forecast report on the financial results we leave its amount in the amount of 85%, as in previous periods. On this basis, we receive:

$$129449 \cdot 0,85 = 110032 \text{ ths. UAH.}$$

Consequently, the forecast amount of gross profit will be:

$$129449 - 110032 = 19417 \text{ ths. UAH.}$$

As for the volume of expenses of the enterprise - both administrative and marketing expenses, then in this case we were not offered any measures of influence on their volumes. However, taking into account the tendency towards constant price growth, we forecast their growth by 10%. In addition, sales costs will increase by an additional 5% as a result of providing discounts to counterparties wishing to rely on products on the fact of its delivery. So get it:

$$747 + 747 \cdot 0,10 = 821,7$$

$$9212 + 9212 \cdot 0,15 = 10593,8$$

As for the indicator of other operating income in the analyzed period, it had a rapid positive dynamics, and, therefore, we can assume that it will continue for the forecast period.

Thus, taking into account the 18% profit rate, the expected net income of LLC «ASTOR and Co.» as of December 31, 2018 will be 1740.5 thousand UAH. Thus, the expected increase in net profit will be 6%.

Now, based on the calculations, we will form a forecast balance for LLC «ASTOR and Co.» (Table 3.7).

Forecast balance of LLC «ASTOR and Co.» as at 31.12.2018

Article	Amount, ths. UAH	
	As of December 31, 2017	As of December 31, 2017
Non-current assets	443	465,1
Current assets:	14559	14726,2
Stocks	5215	5325,3
Cash	319	191,4
Accounts receivable counterparties	8607	9209,5
Balance	15002	15191,3
Equity	541	1326,6
Long-term liabilities	0	0,0
Current liabilities and collateral:	14461	13864,7
Payables	8297	13864,7
Balance	15002	15191,3

First of all, it is necessary to determine the amount of equity of the enterprise at the end of the period. Since no global changes in statutory contributions or pre-capitalization are planned, the only indicator that can affect the size of equity is retained earnings. Based on the previous calculations, we get:

$$1 + 1325,6 = 1326,6 \text{ ths. UAH.}$$

As for long-term commitments, as noted earlier, today the company is not solvent, and therefore has little chance of obtaining credit funds. That is why in the forecast balance the amount of long-term liabilities will be zero.

Next, we look at the article of non-current assets of LLC «ASTOR and Co.» In particular, in recent years there has been an annual insignificant increase in their volume, mainly due to the growth of prices for low-value hard-to-use assets and expansion of the base of intangible assets of the company. In view of this, we can assume that in the forecast period, based on the need to save money in order to accelerate the settlement of commitments, the costs for the renewal of fixed assets will be somewhat reduced and instead of the traditional 8% increase in non-current assets, LLC «ASTOR and Co.» will be only 5%. On this basis, we will receive:

$$443 + 443 \cdot 0,05 = 465,1 \text{ ths. UAH.}$$

Now let's move on to predict the amount of receivables for the enterprise. Immediately note that in the forecast amount of receivables, we only consider the indicators of receivables for goods, work and services of the enterprise and other current receivables. Although the receivables from the calculations with the budget are also quite significant, however, the mechanisms of influence on its reduction or acceleration of turnover practically do not exist, and, therefore, we suggest that these amounts not be taken into account in the forecast balance.

Implementation of our proposed measures to improve the management of accounts receivable LLC "ASTOR and Co.", based on expert assessments of the management of the company, will reduce the amount of receivables by 40%, as a significant part of counteragents will take advantage of the opportunity to pay less. Now we will make calculations. Since the amount of revenue from the sale of the company, according to forecasted estimates, will increase by 7%, then the amount of receivables will be similar:

$$8607 + 8607 \cdot 0,07 = 9209,5 \text{ ths. UAH.}$$

Since this is expected to reduce this amount by 40%, these 40% should be reflected in the balance sheet as cash:

$$319,0 - 319,0 \cdot 0,4 = 191,4 \text{ ths. UAH.}$$

Consequently, the forecast amount of receivables will be UAH 9209.5 ths. At the same time, the company will have additional funds for the settlement of obligations in the amount:

$$9209,5 \cdot 0,4 = 3683,8 \text{ ths. UAH.}$$

Since all additional cash receipts will be spent on payments to creditors, we forecast the balance of the company's cash at the same level as in the planned period.

In addition, other revenues are planned in the amount of UAH 3683.8 thousand, which is also an additional source of funds. Consequently, it may be possible to reduce the size of current liabilities of LLC «ASTOR and Co.» in the projected period. It should be borne in mind that current liabilities will also increase by 7%. So, let's have the following:

$$14461 + 14461 \cdot 0,07 = 13448,7 \text{ ths. UAH.}$$

Since accounts payable is 99% of the total amount of current liabilities and provisions, as a result of the implementation of our measures, this percentage should be slightly lower. In particular, the experts of the company expect it to decrease by 3 points - up to 97%. Now we carry out calculations:

$$13448 \cdot 100 \cdot 97 = 13864,7 \text{ ths. UAH.}$$

Now we can calculate the forecast balance of the enterprise:

$$465,1 + 14726,2 = 15191,3 \text{ ths. UAH.}$$

Consequently, we prepared forecast financial statements of the company, taking into account the implementation of our program of improvement of financial condition. Now it is necessary to calculate the effectiveness of the proposed innovations, for which we will evaluate the main parameters of the financial state before and after improvement (Table 3.8).

Table 3.8

Calculation of financial indicators of LLC “ASTOR and Co.” after the introduction of changes

Indicator	Amount, ths. UAH		The rate of growth, %
	As of December 31, 2017	As of December 31, 2017	
The coefficient of financial autonomy	0,036	0,040	+10,71
Current liquidity ratio	0,646	1,416	+119,23
Absolute liquidity ratio	0,022	0,022	0,00
The coefficient of maneuverability of equity	1,007	0,444	-55,93
Coefficient of security of own working capital	0,964	0,259	-73,12
Return on total capital	1,655	1,460	-11,76
Financial profitability, %	0,300	0,240	-20,00
Turnover of accounts receivable	18	11	-37,62
Period of turnover payable	26	24	-6,89

From data tab 3.8 we can conclude that the measures of the program to improve the financial position of LLC “ASTOR and Co.” will have a tangible positive effect for the company and will really help to improve its financial position. In particular, the increase of the coefficient of financial autonomy is projected to increase by 10.71%, while the current liquidity ratio is actually double.

Also, a significant positive effect will be observed in the dynamics of indicators of the period of turnover of accounts payable and receivables. In particular, the duration of the turnover of accounts receivable will be reduced by 37.62%, and payable - by 6.89%.

Of course, not all indicators will improve in the first year after the introduction of the proposed changes. In particular, the projected indicators of absolute liquidity of the enterprise will not change, and profitability of its activity will decrease somewhat.

It is also worth noting that as a result of the implementation of the proposed changes, we will not immediately see a positive effect on the formation of the company's own working capital, however, its negative amount will significantly decrease, which will bring the company closer to the moment of availability of own working capital. And maybe, according to the results of 2019, LLC «ASTOR and Co.» will have its own working capital.

Thus, we have developed a program to improve the financial condition of the company and identified the forecasted effects of its implementation. In view of this, we can say that this problem has the right to exist and should be embodied in the practical activities of LLC «ASTOR and Co.» .

3.3. Substantiation of measures to improve the management of financial resources of the enterprise

In the conditions of the financial crisis and the shortage of current assets, the availability of their own financial resources and their effective use is one of the

determining factors of enterprise development, and the efficiency of the enterprise is directly dependent on how quickly the funds invested in assets turn into real money. In this regard, the issue of assessing the efficiency of the use of equity capital of industrial enterprises becomes of particular relevance. The efficiency of an enterprise depends to a large extent on the quality of managerial decisions relating to the use of profits. In making these decisions, owners (managers) must fully weigh the direction of priority investments, financial resources, based on the financial condition of the enterprise, the level of its material and technical base, social development of the team, the possibility of profitable placement of funds in the securities market, in the monetary and so on, etc.

Dynamism, uncertainty, the complexity of the economic environment and the processes taking place in it require the revision of not only the nature and content of capital as an economic category, but also the conceptual foundations for managing it. The effectiveness of the enterprise is largely characterized by indicators of capital efficiency. The main indicators of effective management of financial resources and its availability are indicators of profitability (both qualitative and quantitative indicator of the efficiency of any enterprise) of property and capital, financial independence. By methods of increasing the efficiency of using equity capital on enterprises are methods that increase these indicators in the enterprise. In order for the company to effectively use its own capital, it is necessary to strive for the minimum attraction of loan capital.

In order to ensure the efficiency of the use of equity capital, it is necessary to pay attention to the structure of the company's own capital, in particular to conduct a variant analysis that will enable to analyze, in which the ratio of own and attracted capital, the profitability indicators will be the highest, which in turn will be positive in the enterprise, since in the future from retained earnings can be added to the amount of equity. An enterprise should monitor the weighted average cost of capital and prevent its significant growth. The criterion is the excess of the return on equity capital, the return on investment over the weighted average cost of capital.

Under the conditions of the transformation processes in the economic relations of domestic business entities, the substantial expansion of the rights of enterprises in the field of financial and economic activity, the role of timely and qualitative analysis of the financial state of enterprises, assessment of their liquidity, solvency and equity, the search for ways to enhance and strengthen financial sustainability.

It is worth notice that the main problem of ensuring the value of equity of «ASTOR and Co.» LLC is the reduction of the necessary amount of own financial resources, which affects the reduction of the left side of inequality. This is due to: reduction of financial activity of LLC «ASTOR and Co.» in all its main forms; provision of restoration of operating non-current assets mainly due to their lease (leasing); implementation of the dividend policy adequate to the crisis financial development of LLC "ASTOR and Co." in order to increase net profit, which is directed to industrial development; reduction of the program of participation of employees in the profit (substantial reduction of the amount of bonus payments at the expense of this source); refusal from various social programs of LLC "ASTOR and Co." , financed by profit; reduction of deductions to reserve and other insurance funds, carried out at the expense of profit, etc.

The functioning of the strategic management of financial resources of LLC "ASTOR and Co." is complicated by the lack of a methodology for analyzing the optimization of the equity structure of a joint-stock company, regulated by the current legislation. In order to overcome this shortcoming, a complex of organizational procedures for conducting such an analysis (tasks, factors for the formation of an optimal capital structure, objects and subjects, information base) and the procedure for conducting an optimization analysis of the equity structure of a joint-stock company.

In order to eliminate identified problems, it is necessary: to accelerate the turnover of capital, to introduce a system of financial planning, to optimize the structure of capital, to improve the processes of property management, to take measures to improve the control of financial activities.

The main directions of acceleration of the turnover of capital:

- reduction of the length of the production cycle due to the intensification of production (the use of new technologies, the mechanization and automation of production processes, the increase of labor productivity, the full utilization of production capacities of LLC "ASTOR and Co.", labor and material resources, etc.);

- improvement of logistics organization with the purpose of uninterrupted production of necessary material resources and shortening of time of finding of capital in inventory;

- reduction of the time of receipt of funds in accounts receivable;

- increase the level of marketing research aimed at accelerating the progress of goods from manufacturer to consumer (including market research, product improvement and forms of its promotion to the consumer, the formation of a proper pricing policy, the organization of effective advertising, etc.).

The measures listed will allow you to receive more money from the sale of products by reducing the period of turnover of capital.

Thus, the main ways to increase the efficiency of capital use of LLC "ASTOR and Co." can be considered:

- 1) an increase in the volume of manufactured and sold products;
- 2) reduction of the cost of the service delivery process;
- 3) reduction of expenses of LLC "ASTOR and Co.";
- 4) systematic control over the distribution of means of production;
- 5) increase of labor productivity of workers;
- 6) professional development of specialists;
- 7) introduction of the latest technologies;
- 8) creation of marketing services at the enterprise;
- 9) reconstruction and modernization of LLC «ASTOR and Co.» ".

We propose to introduce into the enterprise the system of management of the structure of own capital. The management of the equity structure is an integral part of the overall strategy for controlling the financial sustainability of LLC "ASTOR and Co." and is to develop a system of measures to detect and prevent its negative consequences in order to eliminate the resulting losses.

In management practice, two main ways of protecting enterprises from the risk of reducing the sustainability of the financial state, which, depending on the activity of the subject of management, are classified as passive interference and active response. Passive way of protection does not foresee by LLC “ASTOR and Co.” active actions aimed at reducing the risk. On the contrary, active reaction involves the direct involvement of LLC «ASTOR and Co.» in the management of the structure of equity capital. Therefore, taking into account the analysis carried out by LLC «ASTOR and Co.» in the second section of this paper, the company can be encouraged to react actively to the management of the equity structure.

Thus, by creating an effective internal insurance system and introducing preventive measures, it is possible to promptly neutralize the risk of reducing the amount of equity capital of LLC “ASTOR and Co.” in difficult transition conditions, which in turn will contribute to strengthening both financial and overall sustainability of the enterprise.

In the context of the financial crisis and socio-political insustainability, businesses are faced with the task of ensuring effective functioning. It is considered that the enterprise is financially stable if its own funds cover not less than half of all financial resources, as well as it is timely and fully calculated on the liabilities. Risk issues need to be considered and taken into account not only at the final stages of the financial sustainability management process, but also at the diagnostic stage of the problem during the formation and structuring of the goals. The extent of the permissible risk of a decrease in the value of equity of LLC «ASTOR and Co.» is determined taking into account such parameters as the volumes of fixed assets and equity, production potential, as well as the level of profitability, etc. (Figure 3.6).

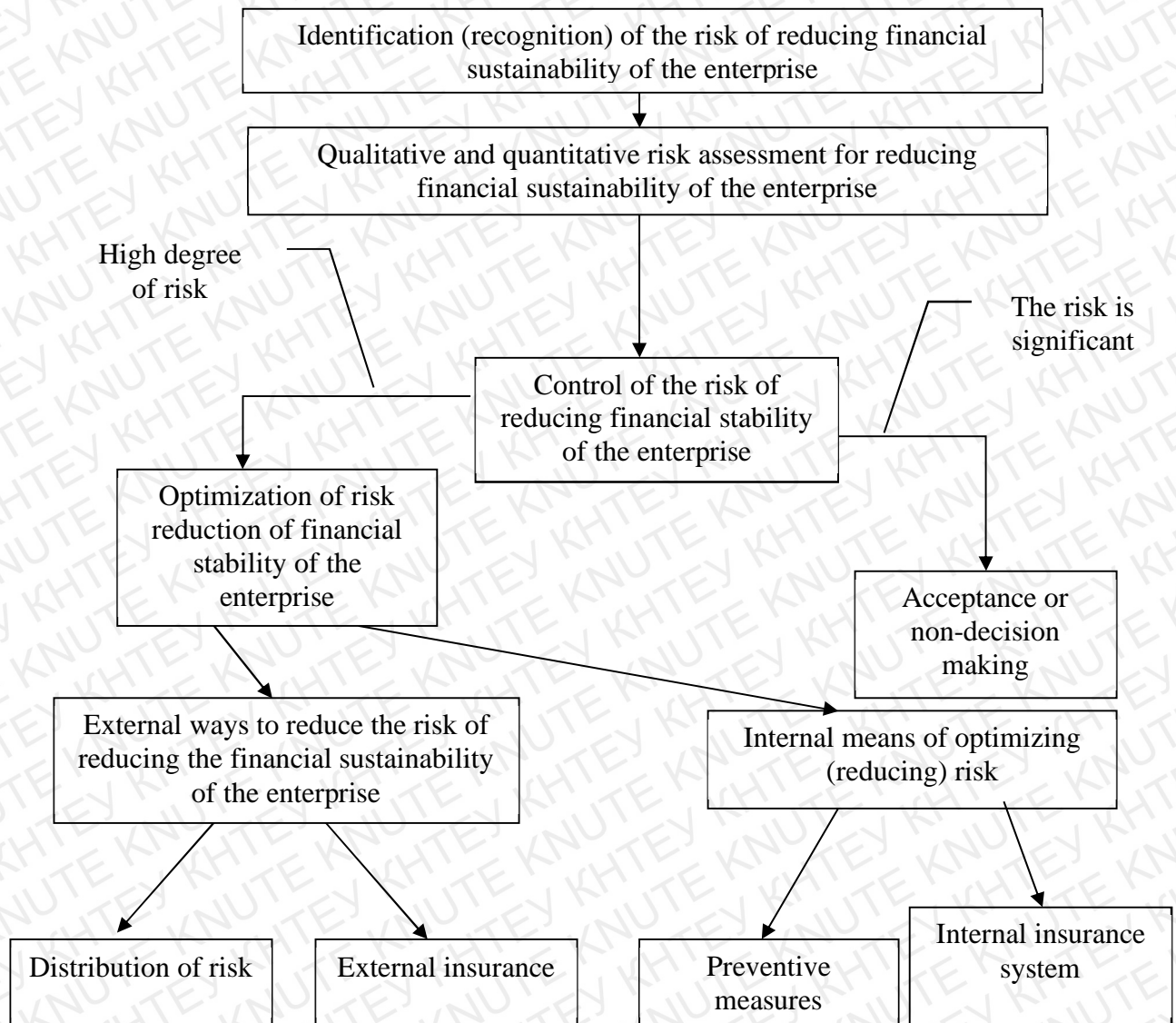


Fig. 3.6. Generalized block diagram of the process of managing the equity structure of LLC «ASTOR and Co.»

Thus, raising the level of solvency of LLC «ASTOR and Co.» depends on the improvement of the results of its production and commercial activities. At the same time, a reliable financial position also depends on the rational organization of the use of financial resources. Therefore, in a market economy, not only the valuation of assets and liabilities balance, but also an in-depth daily analysis of the state and use of economic means.

The use of the considered systems and methods of financial planning ensures the focus of financial activity of LLC "ASTOR and Co." and improves its efficiency. Important place in operational financial work of LLC «ASTOR and Co.» belongs to

the timely repayment of accounts payable and collection of receivables. The company should have day-to-day operational control over payments and receipts of material assets, fulfillment of financial obligations to the budget, state trust funds, banks.

Financial resources occupy a special place among other types of resources, because they can be directly and with minimal losses of time transformed into any other kind of resources. Typically, this is the set of own cash income and revenues from the outside (borrowed and borrowed funds) held at the disposal of the entity and intended to meet the financial obligations of the enterprise, financing of current expenses related to the expansion of production and economic incentives.

For the optimization of the capital structure of the enterprise of LLC "ASTOR and Co.", according to the criterion of maximizing the level of financial profitability, the mechanism of financial leverage is used (Table 3.9).

Table 3.9

Calculation of the coefficient of financial profitability at different values of the coefficient of financial leverage of “ASTOR and Co..” Ltd.

Indexes	Options for calculation				
	1	2	3	4	5
1	2	3	4	5	6
Amount of equity capital	775,6	775,6	775,6	775,6	775,6
Possible amount of debt capital	193,9	387,8	775,6	1163,4	1551,2
Total capital	969,5	1163,4	1551,2	1939,0	2326,8
Coefficient of financial leverage	0,25	0,5	1,0	1,5	2,0
Return on assets ratio, %	10,0	10,0	10,0	10,0	10,0
Rate of interest on a loan without risk, %	8,0	8,0	8,0	8,0	8,0
Risk premium, %	-	0,5	1,0	1,5	2,0
Rate of interest on a loan taking into account risk, %	8,0	8,5	9,0	9,5	10,0
The amount of gross profit without interest on the loan	96,9	116,3	155,1	193,9	232,7
Amount of interest paid on a loan	15,5	32,9	69,8	110,5	155,1
The amount of gross profit, taking into account the payment of interest on the loan	81,4	83,4	85,3	83,4	77,6
Income tax rate	0,18	0,18	0,18	0,18	0,18
Amount of income tax	14,6	15,0	15,4	15,0	14,0
The amount of net profit remaining at the disposal of the enterprise	66,8	68,4	69,9	68,4	63,6
Return on equity (return on equity)	8,61	8,82	9,01	8,82	8,20

As can be seen from the data in Table. 3.9, a higher coefficient of financial profitability is achieved with a coefficient of financial leverage of 1.0, which defines the ratio of own and borrowed capital in the percentage 100: 100.

The process of optimizing the structure of the capital of the company LLC «ASTOR and Co.» , based on the criterion for minimizing its value, is based on a preliminary assessment of the value of own and borrowed capital under various conditions of its attraction and implementation of multi-variant calculations of the weighted average cost of capital (Table 3.10).

Table 3.10

Calculation of the weighted average cost of capital for its various structure

Indexes	Options for calculation				
	1	2	3	4	5
Total capital requirement	100	100	100	100	100
Options for capital structure,%:					
- equity	30	40	50	70	80
- borrowed capital	70	60	50	30	20
Level of possible dividend payments,%	7,0	7,5	8,0	8,5	9,0
Rate of interest rate on a loan taking into account a premium for risk,%	11,0	10,0	9,0	8,0	7,0
Income tax rate	0,25	0,25	0,25	0,25	0,25
Tax proofreader	0,75	0,75	0,75	0,75	0,75
Level of interest rate for a loan with the account of the tax corrector	8,25	7,5	6,75	6,0	5,25
Cost of capital components,%:					
- own part of capital	2,1	3,0	4,0	5,9	7,2
- borrowed part of capital	5,8	4,5	3,4	1,8	1,0
Average weighted cost of capital,%	7,9	7,5	7,4	7,7	8,2

As can be seen from the tables in the table. 3.10 of the data, the minimum weighted average cost of capital is achieved in relation to own and borrowed capital in the proportion of 50: 50. Such a capital structure allows us to maximize the real market value of the company "LLC «ASTOR and Co.» (under other conditions).

The method of optimizing the structure of capital by the criterion of minimizing the level of financial risks associated with the process of differentiated choice of sources of financing of various components of the assets of the enterprise. To this end, all assets of the company are divided into the following three groups:

1. Non-current assets.

2. Permanent part of current assets. It represents an unaltered part of the aggregate of them, which does not depend on seasonal and other fluctuations in the volume of operating activities and is not related to the formation of stocks of seasonal storage, pre-arrival and destination. In other words, it is considered as a non-deductible minimum of current assets necessary for the enterprise to carry out the current operational activity.
3. Variable part of current assets. It represents a variable part of their aggregate size, which is associated with the seasonal growth of sales of products, the need to formulate in separate periods of the enterprise stock of seasonal storage, pre-arrival and destination. As part of this variable part of the current assets, allocate the maximum and average demand for them.

There are three principle approaches to financing various groups of assets of an enterprise (Table 3.11).

Depending on their attitude to financial risks, owners or managers of an enterprise choose one of the options considered for asset financing. Taking into account that at the present stage, long-term loans to enterprises are practically not provided, the model of financing of assets will be the ratio of own and borrowed (short-term) capital, that is, to optimize its structure from these positions.

Table 3.11

Principle approaches to asset financing LLC «ASTOR and Co.» "

The composition of the assets of the enterprise	Conservative approach to financing the assets of the enterprise	A moderate or compromise approach to financing an enterprise's assets	Aggressive approach to financing the company's assets
Variable part of current assets	STLC	STLC	STLC
Permanent part of current assets	LTLC + OC	LTLC + OC	LTLC + OC
Non-current assets			

Legend:

STLC – short-term loan capital;

LTLC – long-term loan capital;

OC – own capital.

In our case, non-current assets amount to 106,5 thousand UAH, working assets - 1901,7 ths. UAH, maximum additional need in working capital during the seasonal period of production - 500,0 ths. UAH.

Based on these data, we determine that, with a conservative approach to financing assets, equity should be:

$$106,5 + 1901,7 + (500,0 \cdot 2) = 2258,2 \text{ ths. UAH.}$$

Loan capital should be:

$$500,0 \cdot 2 = 250,0 \text{ ths. UAH.}$$

Accordingly, the capital structure minimizing the level of financial risks will be (Table 3.12):

Own capital:

$$2258,2 \cdot 2508,2 = 0,998, \text{ або } 99,8 \, \%.$$

Loan capital:

$$250,0 \cdot 2508,2 = 0,002, \text{ або } 0,02 \, \%.$$

Table 3.12

Capital structure minimizing the level of financial risks

№	Indexes	ths. UAH
1	Non-current assets	106,5
2	Current assets	1901,7
3	Maximum additional demand in working capital during the season of production	500
4	Equity should be equal	2258,2
5	%	99,8
6	Loan capital should be	250
7	%	0,02

The basis of a stable position of the company and a pledge of its viability in market conditions is its financial sustainability. It reflects the state of financial resources, in which the company, freely maneuvering funds, can, through the effective use of them, ensure an uninterrupted process of production and sale of

products, as well as costs for its expansion and restoration.

Determining the boundaries of financial and economic sustainability of the economic entity is one of the most important economic problems in the transition to a market economy, insufficiency of financial sustainability can lead to insolvency and lack of funds for it to develop financial and economic activity. Excess financial sustainability hinders the development of the business entity, aggravating its costs by excess reserves and reserves, causing a slowdown in capital turnover and reducing the efficiency of reproduction. Consequently, financial sustainability should be characterized by such a state and movement of financial resources, which simultaneously meets the requirements of the market and corresponds to the needs of development of financial and economic activities of the business entity.

Each stage of financial stabilization corresponds to certain internal mechanisms - operational, tactical and strategic, which are a system of measures aimed at solving specific problems (Table 3.13).

Table 3.13

The main mechanisms of financial stabilization of the enterprise, which correspond to the main stages of its implementation

Stages of financial stabilization	Mechanisms of financial stabilization		
	Operative	Tactical	Strategic
1. Eliminating insolvency	System of measures based on the use of the principle of "Cut off excess"		
2. Restoration of financial sustainability		System of measures based on the implementation of models of financial equilibrium	
3. Changing the financial strategy to accelerate economic growth			A system of measures based on using models of financial support for accelerating growth

Let's consider the content of each of the mechanisms used in certain stages of the financial stabilization of an industrial enterprise.

The operational mechanism of financial stabilization is a system of measures directed, on the one hand, to reducing the size of the current external obligations of the enterprise in the short term, and on the other - to increase the amount of the most liquid assets (money), which provide an urgent repayment of these obligations. The principle of "cutting off excess" underlying this mechanism determines the need to reduce the size of both the current requirements that give rise to the corresponding financial liabilities and individual liquid assets for the purpose of their urgent conversion into monetary form.

The reduction of current external and internal financial liabilities of the enterprise is achieved through the following main measures:

- 1) reducing the amount of fixed costs by reducing the number of management personnel, repair costs, etc.;
- 2) reducing the level of variable costs by reducing the production staff of the main and auxiliary units, reducing the volume of production not in demand, corresponding reduction in the volume of financial resources, etc.;
- 3) prolongation of payables in commodity transactions by increasing and extending a commercial loan;
- 4) prolongation of short-term bank loans;
- 5) deferred payment of accrued dividends, interest on shares and others.

The increase in the amount of cash assets in the current period is achieved through the following main measures:

- 1) liquidation of the portfolio of short-term financial investments;
- 2) implementation of certain highly liquid financial and stock portfolio instruments of long-term financial investments;
- 3) refinancing receivables using all forms of this refinancing in order to reduce its overall size;
- 4) acceleration of turnover of accounts receivable (especially in commodity transactions) due to reduction of terms of commercial and consumer credit provided;
- 5) normalization of the size of current stock of inventory;

6) reducing the size of insurance and seasonal inventories of inventory.

The purpose of this stage of financial stabilization is considered to be achieved if current insolvency is eliminated, that is, the value of the absolute solvency ratio exceeded the unit. This means that the threat of bankruptcy in the current period is eliminated.

The tactical mechanism of financial stabilization is a system of measures aimed at achieving the point of the financial equilibrium of the enterprise in the next period. The purpose of this stage of financial stabilization is considered to be achieved if the company has reached the targets of the financial structure of the capital, ensuring its high financial sustainability.

The strategic mechanism of financial stabilization is an exclusively offensive strategy of financial development, which provides optimization of the necessary financial parameters in order to accelerate the economic growth of the enterprise. That is, the strategic mechanism of financial sustainability is a system of measures aimed at maintaining. The purpose of this phase of financial stabilization is considered to be achieved if, as a result of the acceleration of the economic development of the enterprise, the corresponding growth of its market value is ensured.

The generalization of the received information is a theoretical basis for further development of the problems of mechanisms of effective crisis management of LLC “ASTOR and Co.” and other enterprises operating in the current market conditions of Ukraine.

CONCLUSIONS AND PROPOSALS

Consequently, according to the results of the research, it is necessary to draw the appropriate conclusions:

It is noted that financial sustainability is a characteristic of an enterprise's activity, which reflects its ability to financially balanced development and achievement of the set goals with minimum allowable deviations from the planned, in spite of the influence of a dynamic environment in which there is uncertainty about future results and riskiness of business processes. Under financially balanced development of the enterprise in this context it is expedient to allocate: satisfactory state of financial resources; free maneuvering of funds at a certain state of financial resources; provision of continuous operational, financial and investment activity of the enterprise, as well as expansion and updating of the relevant processes; provision of financial opportunities of the enterprise for changes in directions or components of activity according to the situation on the market, etc..

It was investigated that the process of ensuring financial sustainability should be aimed at minimizing the negative impact of external and internal environment on the enterprise's activity; creation of prerequisites for the effective implementation of planned actions. In order to achieve the required level of financial sustainability, it is necessary to effectively manage it. In general, management refers to the process of planning, organization, motivation and control necessary to formulate and achieve the goals of the organization, and the activities associated with the influence of the controlling entity on the managed object in order to achieve results.

It has been discovered that modern systems of indicators for assessing the level of financial sustainability of an enterprise should contain both dynamic and structural indicators, and during the formation of such systems it is appropriate to take into account the type of enterprise, the type of its activity and the features of the financial strategy. In a market economy, financial sustainability of the enterprise is the main condition of life and the basis of a stable state of the enterprise.

It was analyzed that during the period of 2015-2017, the assets of LLC "ASTOR and Co." increased by UAH 7630 thousand, or by 103.50%. It should be noted that the increase in assets of the balance of LLC "ASTOR and Co." was made due to an increase in the value of non-current assets by 337 thousand UAH, or 317.92%. It should be noted that the growth of non-current assets was due to an increase in unfinished capital investments by 229.0 thousand UAH. and fixed assets by UAH 108,0 thousand, or by 110,20%. In 2017, compared to 2015, an increase in the value of current assets amounted to 7293 thousand UAH, or 100,37%. The increase in the volume of current assets of the enterprise was due to the growth of stocks, receivables and cash. It should be noted that during 2015-2017 the largest share in the structure of assets of LLC «ASTOR and Co.» is owned by current assets - 98.56% in 2015, 97.12% in 2016 and 97.05% in 2017 ., indicating a significant proportion of mobile assets in the company's total assets.

It has been determined that according to the type of financial stability of LLC "ASTOR and Co." according to the three-dimensional model in 2015 and 2017, absolute financial stability is inherent, as during this period the company tries to attract additional loan resources to increase the level of sales, which leads to significant accumulation of stocks in comparison with the available volume of own funds. Given the availability of such a financial state, trust in the enterprise is maximum, the probability of repayment of funds to creditors is high. Instead, in 2016, for LLC "ASTOR and Co." there is a problem of financial stability, which means an increased risk of non-return of funds to shareholders, because in the event of a deterioration of the market situation, the solvency of the entity will drop sharply.

Analyzing the financial position and efficiency of financial management of LLC "ASTOR and Co." we came to the conclusion of a stable financial situation at the enterprise. It should be noted that in the dynamics there was an increase in the values of many indicators, but mostly within the established norms. The indicators of financial sustainability during 2015-2017 are increasing and are within the regulatory boundaries, which indicates an improvement in the capital structure of the enterprise.

It is noted that in accordance with planned activity volumes in 2018 LLC "ASTOR and Co." retains its independence from borrowed sources of financing, but this indicates the relative inefficiency of using the economic potential of the enterprise and the imbalance of its capital structure. In general, the growth of the economic potential of LLC "ASTOR and Co." will take place provided that the marketing department of the company provided reasonable information on the prospects of increasing the volume of activities for the future.

It is noted that in order to ensure the effective management of the assets LLC "ASTOR and Co." the accounting policy that is necessary to create an accounting system in the enterprise that allows recognition of the financial statements is reliable important. The principles and methods enshrined in it in accordance with the principle of consistency should be applied continuously (from year to year).

It is substantiated that as a result of the implementation of the proposed changes, we will not immediately see a positive effect on the formation of the company's own working capital, but its negative amount will be significantly reduced, which will bring the company closer to the moment of availability of own working capital. And maybe, according to the results of 2019, LLC "ASTOR and Co." will have its own working capital.

It was found that depending on their attitude to financial risks, owners or managers of the company choose one of the considered variants of financing of assets. Given that at the current stage, long-term loans to enterprises are practically not provided, the chosen model of financing assets will be the ratio of own and borrowed (short-term) capital, that is, to optimize its structure from these positions. Accordingly, the minimum weighted average cost of capital is achieved with respect to own and borrowed capital in the proportion of 50: 50. This capital structure allows us to maximize the real market value of LLC "ASTOR and Co." (under other equal conditions).

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Appendices

Appendice A

		Codes	
		Date (year, month, number)	2017 01 01
Enterprise	Limited Liability Company "ASTOR and Co."	By "EDRPOU"	39812547
Territory		By "KOATUU"	3210900000
Organizational and legal form of management	Limited liability company	By "COPFG"	240
Type of economic activity	Production of concrete, solutions ready for use	By "KVED"	23.63
The average number of employees	53		
Unit of measurement: ths. Without a decimal sign			
Address	Soborna Street, h. 152, Kyiv region. 08202		

Balance sheet (Statement of financial position) on 31.12.2016 y.

Assets	Line code	At the beginning of the reporting period	At the end of the reporting period	At the date of transition to international financial reporting standards
1	2	3	4	5
I. Non-current assets				
Intangible assets:	1000	-	-	0
Original cost	1001	-	-	0
Accumulated depreciation	1002	-	-	0
Incomplete capital investments	1005	8	213	0
Fixed assets:	1010	98	175	0
Original cost	1011	125	353	0
Depreciation	1012	27	178	0
Investment Fixed:	1015	-	-	0
Original cost	1016	-	-	0

Depreciation	1017	-	-	0
Long-term biological assets:	1020	-	-	0
Original cost	1021	-	-	0
Accumulated depreciation	1022	-	-	0
Long-term financial investments:	1030	-	-	0
Which are accounted for by the method of participation in the capital of other enterprises				
Other financial investments	1035	-	-	0
Long-term receivables owed	1040	-	-	0
Refunded tax assets	1045	-	-	0
Goodwill	1050	-	-	0
Outstanding accrued expenses	1060	-	-	0
Remaining funds in centralized insurance reserve funds	1065	-	-	0
Other non-current assets	1090	-	-	0
Total for Section I	1095	106	388	0
II. Current assets				
Stocks	1100	1901	4633	0
Inventories	1101	1901	4633	0
Unfinished production	1102	-	-	0
Final product	1103	-	-	0
Goods	1104	-	-	0
Current biological assets	1110	-	-	0
Deposits redeemed	1115	-	-	0
Promissory notes received	1120	-	-	0
Receivables owed for products, goods, work, services	1125	2126	5725	0
Accounts receivable payable:	1130	-	-	0
On advance payments	1135	-	124	0
With budget	1136	-	-	0
Including income tax	1140	-	-	0
From accrued income	1145	-	-	0
From internal settlements	1155	2644	2001	0

Another current receivable debt	1160	-	-	0
Current financial investments	1165	81	308	0
Money and their equivalents	1166	81	308	0
Cash	1167	-	-	0
Bank accounts	1170	-	-	0
Costs of future periods	1180	-	-	0
Share of transferred reserves	1181	-	-	0
Including:	1182	-	-	0
Reserves of long-term liabilities	1183	-	-	0
Provisions for losses or provisions for due payments	1184	-	-	0
Reserves of unearned premiums	1190	514	302	0
Total for Section II	1195	7266	13093	0
III. Non-current assets held for sale and disposal groups	1200	-	-	0
Balance	1300	7372	13481	0

Passive	Line code	At the beginning of the reporting period	At the end of the reporting period	At the date of transition to international financial reporting standards
I. Equity				
Registered capital	1400	1	1	0
Contributions to unregistered authorized capital	1401	-	-	0
Capital in surplus	1405	-	-	0
Additional capital	1410	-	-	0
Emission Income	1411	-	-	0
Accumulated exchange rate differences	1412	-	-	0
Reserve capital	1415	-	-	0
Retained earnings (uncovered loss)	1420	774	(475)	0
Unpaid capital	1425	-	-	(0)
Capital withdrawn	1430	-	-	(0)
Other reserves	1435	-	-	0
Total for Section I	1495	775	(474)	0

II. Long-term liabilities and collateral				
Deferred tax liabilities	1500	-	-	0
Pension obligations	1505	-	-	0
Long-term bank credits	1510	-	-	0
Other Long-term liabilities	1515	-	-	0
Long-term security	1520	-	-	0
Long-term maintenance of staff costs	1521	-	-	0
Targeted financing	1525	-	-	0
Charity	1526	-	-	0
Insurance reserves, including:	1530	-	-	0
Reserve of long-term liabilities; (At the beginning of the reporting period)	1531	-	-	0
Loss reserve or due allowance; (At the beginning of the reporting period)	1532	-	-	0
Reserve of unearned premiums; (At the beginning of the reporting period)	1533	-	-	0
Other insurance reserves; (at the beginning of the reporting period)	1534	-	-	0
Investment contracts;	1535	-	-	0
Prize fund	1540	-	-	0
Reserve for jackpot payment	1545	-	-	0
Total for Section II	1595	-	-	0
III. Current liabilities and security				
Short-term bank credits	1600	-	-	0
Promissory notes issued	1605	-	-	0
Current payables:	1610	-	-	0
For long-term obligations				
For goods, work, services	1615	1844	7027	0
According to calculations with the budget	1620	204	39	0
Including for income tax	1621	-	-	0
Based on payments	1625	22	40	0
On payroll calculations	1630	44	158	0
On receipt of advances	1635	-	-	0
According to the calculations with the participants	1640	-	-	0

From internal settlements	1645	-	-	0
For insurance activity	1650	-	-	0
Current provision	1660	-	-	0
Future revenues	1665	-	-	0
Deferred commission income from the transfer	1670	-	-	0
Other current commitments	1690	4483	6691	0
Total for Section III	1695	6597	13955	0
IV. Liabilities related to non-current assets held for sale and disposal groups	1700	-	-	0
V. Net asset value of non-state pension fund	1800	-	-	0
Balance	1900	7372	13481	0

Financial Results Report (Comprehensive Income Report) on 2016 year

I. FINANCIAL RESULTS

Paragraph	Line code	The reporting period	For the same period of the previous year
Net income from sales of goods (goods, works, services)	2000	99252	16801
Net earned insurance premiums	2010	-	-
Awards signed, gross amount	2011	-	-
Awards transferred to enrollment	2012	-	-
Change in reserve of unearned premiums, gross amount	2013	-	-
Change in the share of contributors in the reserve of unearned premiums	2014	-	-
Cost of sold products (goods, works, services)	2050	(90316)	(13502)
Net losses incurred for cash payments	2070	-	-
Gross profit	2090	8936	3299
Gross: Damage	2095	-	-
Income (expense) from changes in long-term liability provisions	2105	-	-
Income (expenses) from changes in other insurance reserves	2110	-	-
Change in other insurance reserves, gross amount	2111	-	-

Change in the share of contributors in other insurance reserves	2112	-	-
Other operating income	2120	-	-
Income from changes in the value of assets measured at fair value	2121	-	-
Income from initial recognition of biological assets and agricultural products	2122	-	-
Revenue from the use of funds released from taxation	2130	-	-
Administrative expenses	2130	(777)	(161)
Selling expenses	2150	(9186)	(2190)
Other operating expenses	2180	(222)	(4)
Cost of changes in the value of assets that are measured at fair value	2181	-	-
Costs from the initial recognition of biological assets and agricultural products	2182	-	-
Financial result of operating activities: profit	2190	-	944
Financial result of operating activities: loss	2195	(1249)	-
Income from equity participation	2200	-	-
Other financial income	2220	-	-
Other income	2240	-	-
Income from charity	2241	-	-
Financial expenses	2250	-	-
Losses from equity participation	2255	-	-
Other expenses	2270	-	-
Profit (loss) from the effect of inflation on monetary puts	2275	-	-
Financial result before tax: profit	2290	-	944
Financial result before tax: Loss	2295	(1249)	-
Income from income tax	2300	-	(170)
Profit (loss) from discontinued operations after tax	2305	-	-
Net financial result: profit	2350	-	774
Net financial result: Loss	2355	(1249)	-
II. COMPREHENSIVE INCOME			
Paragraph	Line code	The reporting period	For the same period of the previous year

Revaluation (subtraction) of non-current assets	2400	-	-
Revaluation (subtraction) of financial instruments	2405	-	-
Accumulated exchange rate differences	2410	-	-
The share of other aggregate income of associates and joint ventures	2415	-	-
Another Comprehensive Income	2445	-	-
Another Comprehensive Income Before Taxation	2450	-	-
Income tax linked to other comprehensive income	2455	-	-
Another Comprehensive Income after tax	2460	-	-
COMPREHENSIVE INCOME (sum of lines 2350, 2355 and 2460)	2465	-	-
III. OPERATING EXPENSES			
Material costs	2500	71587	13094
Salary expenses	2505	1698	306
Deductions for social events	2510	376	117
Amortization	2515	151	27
Other operating expenses	2520	11297	2312
Total	2550	85109	15856
IV. CALCULATION OF PERFORMANCE INDICATORS			
Average annual number of ordinary shares	2600	-	-
Adjusted average annual number of ordinary shares	2605	-	-
Net profit (loss) per one ordinary share	2610	-	-
Adjusted Net profit (loss) per one ordinary share	2615	-	-
Dividends for one common share	2650	-	-

Managing Director

Britanov Vitaliy Leonidovich

Chief Accountant

Bilyanska Svetlana Viktorivna

Appendice B

		Codes	
		Date (year, month, number)	2018 01 01
Enterprise	Limited Liability Company "ASTOR and Co."	By "EDRPOU"	39812547
Territory		By "KOATUU"	3210900000
Organizational and legal form of management	Limited liability company	By "COPFG"	240

Type of economic activity	Production of concrete, solutions ready for use	By “KVED”	23.63
The average number of employees	53		
Unit of measurement: ths. Without a decimal sign			
Address	Soborna Street, h. 152, Kyiv region. 08202		

**Balance (Statement of financial position)
on 31.12.2017 y.**

Asset	Line code	At the beginning of the reporting period	At the end of the reporting period	At the date of transition to international financial reporting standards
1	2	3	4	5
I. Non-current assets				
Intangible assets:	1000	-	-	0
Initial value	1001	-	-	0
Accumulated depreciation	1002	-	-	0
Incomplete capital investments	1005	213	237	0
Fixed assets:	1010	175	206	0
Initial value	1011	353	418	0
Wear and tear	1012	178	212	0
Investment Fixed:	1015	-	-	0
Initial value	1016	-	-	0
Wear and tear	1017	-	-	0
Long-term biological assets:	1020	-	-	0
Initial value	1021	-	-	0
Accumulated depreciation	1022	-	-	0
Long-term financial investments:	1030	-	-	0
Which are accounted for using the equity method of other entities	1035	-	-	0
Other financial investments	1040	-	-	0
Long-term receivables	1045	-	-	0

Deferred tax assets	1050	-	-	0
Goodwill	1060	-	-	0
Remaining funds in centralized insurance reserve funds	1065	-	-	0
Other non-current assets	1090	-	-	0
Total for Section I	1095	388	443	0
II. Current assets				
Stocks	1100	4633	5215	0
Inventories	1101	4633	5215	0
Unfinished production	1102	-	-	0
Final product	1103	-	-	0
Goods	1104	-	-	0
Current biological assets	1110	-	-	0
Transfer deposits	1115	-	-	0
Promissory notes received	1120	-	-	0
Accounts receivable for products, goods, works, services	1125	5725	6098	0
Accounts receivable by settlement:	1130	-	-	0
On advance payments	1135	124	187	0
With budget	1136	-	-	0
Including income tax	1140	-	-	0
From accrued income	1145	-	-	0
From internal settlements	1155	2001	2322	0
Other Current Accounts Receivable	1160	-	-	0
Current financial investments	1165	308	319	0
Money and their equivalents	1166	308	319	0
Cash	1167	-	-	0
Bank accounts	1170	-	-	0
Costs of future periods	1180	-	-	0
Perprahovik share in insurance reserves	1181	-	-	0
Including:	1182	-	-	0
Reserves of long-term liabilities	1183	-	-	0

Provisions for losses or provisions for due payments	1184	-	-	0
Other Current assets	1190	302	418	0
Total for Section II	1195	13093	14559	0
III. Non-current assets, held for sale, and disposal groups	1200	-	-	0
Balance	1300	13481	15002	0

Passive	Line code	At the beginning of the reporting period	At the end of the reporting period	At the date of transition to international financial reporting standards
I. Equity				
Registered (share) capital	1400	1	1	0
Contributions to unregistered statutory capital	1401	-	-	0
Capital in surplus	1405	-	-	0
Additional capital	1410	-	-	0
Emission Income	1411	-	-	0
Accumulated exchange rate differences	1412	-	-	0
Reserve capital	1415	-	-	0
Retained earnings (uncovered loss)	1420	(475)	540	0
Unpaid capital	1425	-	-	(0)
Capital withdrawn	1430	-	-	(0)
Other reserves	1435	-	-	0
Total for Section I	1495	(474)	541	0
II. Long-term commitments and collateral				
Deferred tax liabilities	1500	-	-	0
Pension obligations	1505	-	-	0
Long-term bank credits	1510	-	-	0
Other Long-term liabilities	1515	-	-	0
Long-term security	1520	-	-	0
Long-term maintenance of staff costs	1521	-	-	0
Targeted financing	1525	-	-	0
Charity	1526	-	-	0

Insurance reserves, including:	1530	-	-	0
Long-term loan reserve; (at the beginning of the reporting period)	1531	-	-	0
Provision for losses or due allowance; (at the beginning of the reporting period)	1532	-	-	0
Unemployment bonus reserve; (at the beginning of the reporting period)	1533	-	-	0
Other insurance reserves; (at the beginning of the reporting period)	1534	-	-	0
Investment contracts;	1535	-	-	0
Prize fund	1540	-	-	0
Reserve for jackpot payment	1545	-	-	0
Total for Section II	1595	-	-	0
III. Current liabilities and security				
Short-term bank credits	1600	-	-	0
Promissory notes issued	1605	-	-	0
Current payables:	1610	-	-	0
For long-term obligations				
For goods, work, services	1615	7027	8297	0
According to calculations with the budget	1620	39	53	0
Including tax on profit	1621	-	-	0
By calculation from the payment	1625	40	42	0
For calculations of wages	1630	158	169	0
On receipt of advance payments	1635	-	-	0
Calculated with participants	1640	-	-	0
From internal calculations	1645	-	-	0
For insurance activities	1650	-	-	0
Current provision	1660	-	-	0
Future revenues	1665	-	-	0
Deferred commission income from the transfer	1670	-	-	0
Other current commitments	1690	6691	5900	0
Total for Section III	1695	13955	14461	0
IV. Liabilities related to non-current assets held for sale and disposal groups	1700	-	-	0

V. Net asset value of non-state pension fund	1800	-	-	0
Balance	1900	13481	15002	0

**Financial Statement (Consolidated Income Statement)
For 2017**

I. FINANCIAL RESULTS			
Paragraph	Line code	For the reporting period	For the same period of the previous year
Net income from sales of goods (goods, works, services)	2000	120980	99252
Net earned insurance premiums	2010	-	-
Awards signed, gross amount	2011	-	-
Awards transferred to enrollment	2012	-	-
Change in reserve of unearned premiums, gross amount	2013	-	-
Change in the share of contributors in the reserve of unearned premiums	2014	-	-
Cost of sold products (goods, works, services)	2050	(108744)	(90316)
Net losses incurred for cash payments	2070	-	-
Gross profit	2090	12236	8936
Gross: Damage	2095	-	-
Income (expense) from changes in long-term liability provisions	2105	-	-
Income (expenses) from changes in other insurance reserves	2110	-	-
Change in other insurance reserves, gross amount	2111	-	-
Change in the share of contributors in other insurance reserves	2112	-	-
Other operating income	2120	-	-
Income from changes in the value of assets measured at fair value	2121	-	-
Income from initial recognition of biological assets and agricultural products	2122	-	-
Income from funds released from taxation	2130	-	-
Administrative expenses	2130	(747)	(777)
Selling expenses	2150	(9212)	(9186)
Other operating expenses	2180	(275)	(222)

Cost of changes in the value of assets that are measured at fair value	2181	-	-
Costs from the initial recognition of biological assets and agricultural products	2182	-	-
Financial result of operating activities: profit	2190	2002	-
Financial result of operating activities: loss	2195	-	(1249)
Income from equity participation	2200	-	-
Other financial income	2220	-	-
Other income	2240	-	-
Income from charity	2241	-	-
Financial expenses	2250	-	-
Losses from equity participation	2255	-	-
Other expenses	2270	-	-
Profit (loss) from the effect of inflation on monetary puts	2275	-	-
Financial result before tax: profit	2290	2002	-
Financial result before tax: Loss	2295	-	(1249)
Income from income tax	2300	(360)	-
Profit (loss) from discontinued operations after tax	2305	-	-
Net financial result: profit	2350	-	-
Net financial result: Loss	2355	1642	(1249)

II. COMPREHENSIVE INCOME

Paragraph	Line code	For the reporting period	For the same period of the previous year
Revaluation (subtraction) of non-current assets	2400	-	-
Revaluation (subtraction) of financial instruments	2405	-	-
Accumulated exchange rate differences	2410	-	-
The share of other aggregate income of associates and joint ventures	2415	-	-
Another cumulative income	2445	-	-
Other comprehensive income before tax	2450	-	-
Income tax linked to other comprehensive income	2455	-	-
Other comprehensive income after tax	2460	-	-
Comprehensive income (sum of lines 2350, 2355 AND 2460)	2465	-	-

III. ELEMENTS OF OPERATING EXPENSES			
Material costs	2500	85322	71587
Salary expenses	2505	1722	1698
Deductions for social events	2510	520	376
Amortization	2515	160	151
Other operating expenses	2520	12009	11297
Total	2550	99733	85109
IV. CALCULATION OF PROFIT INDICATORS			
Average annual number of shares	2600	-	-
Adjusted average annual number of shares	2605	-	-
Net profit (loss) per share	2610	-	-
Adjusted net profit (loss) per share	2615	-	-
Dividends for one share	2650	-	-

Managing Director

Britanov Vitaliy Leonidovich

Chief Accountant

Bilyanska Svetlana Viktorivna