

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

**FINAL QUALIFYING PAPER**  
**on the topic:**

**"Optimization of sources of financing of current assets of the enterprise"**  
(based on materials limited liability company "Retail Trend", Kyiv)

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**Kyiv, 2018**

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## ABSTRACT

**Shyliuk S.V. «Optimization of sources of financing of current assets of enterprise»- Manuscript.**

The final qualifying paper of specialty 051 "Economics", specialization "Financial Management". - Kyiv National University of Trade and Economics. - K., 2018.

The final qualifying paper is devoted to the study of theoretical and practical aspects of the process and ways of optimizing sources of financing of current assets of the enterprise. Conducted a critical analysis of the concept of sources of financing of current assets of the enterprise, clarified the essence of this concept and provided a classification of its types. The methodological principles of optimization of sources of financing of current assets of the enterprise are considered. The characteristic of existing methods of its estimation and planning is given. We made the analysis of dynamics of the composition and structure of current assets of LLC «Retail Trand». The estimation of volumes and structure of the current assets of the enterprise in the planned period and forecasting for the future period is carried out. Developed measures and justified directions for improvement of optimization of sources of financing of current assets of the enterprise.

**Key words:** current assets, sources of financing, optimization, structure of current assets, development directions of sources optimization of current assets, classification of sources of financing.

## АНОТАЦІЯ

**Шилюк С.В. «Оптимізація джерел фінансування оборотних активів підприємства».- Рукопис.**

Випускна кваліфікаційна робота спеціальності 051 «Економіка», спеціалізації «Фінансовий менеджмент». – Київський національний торговельно-економічний університет. – К., 2018.

Випускна кваліфікаційна робота присвячена вивченню теоретичних та практичних аспектів процесу та шляхів оптимізації джерел фінансування оборотних активів підприємства. Проведений критичний аналіз поняття джерел фінансування оборотних активів підприємства, уточнена сутність даного поняття та надана класифікація його видів. Розглянуті методологічні засади оптимізації джерел фінансування оборотних активів підприємства. Наведена характеристика існуючих методів його оцінки та планування. Проаналізовано динаміку складу й структури оборотних активів підприємства ТОВ «Рітейл Тренд». Здійснена оцінка обсягів і структури оборотних активів підприємства в плановому періоді та прогнозування на майбутній період. Розроблені заходи і обґрунтовані напрями удосконалення оптимізації джерел фінансування оборотних активів підприємства.

**Ключові слова:** оборотні активи, джерела фінансування, оптимізація, структура оборотних активів, напрями удосконалення джерел оптимізації оборотних активів, класифікація джерел фінансування.



## INTRODUCTION

**Actuality of theme.** Rational use of sources of financing of current assets is one of the main tasks of any manufacturing enterprise. Effective use, standardization and optimization of sources of financing of current assets of the enterprise is important for ensuring continuous production, in the conditions of inflationary processes, crises, and increasing competition. This affects the ability to implement its own production program of the company, compliance with obligations to consumers, ensuring a stable financial position and creating conditions for further competitive development of the enterprise.

Problems of classification of sources of financing of current assets have been reflected in the works of such domestic scientists as Blank I.O., Bilyk M.D., Zyatkovsky I.V., Vasilik O.D., Ligonenko L.O., Oparin V.M., Pavlyuk K.V., Poddyerohin A.M. and others. Significant contribution to the study of problems has been made by foreign scientists Kovalev V.V., Kreinina M.K., Balabanov I.T., Donaldson G., Mill J.S., Hurt J., Braili R., Brigham J., Mayers S. and others.

The **purpose** of the final qualifying paper is to study theoretical and practical aspects of the process and optimization ways the of financing sources of current assets of the enterprise LLC «Retail Trand».

In the context of this goal, the following **tasks** are set:

- to characterize the essence and classification of sources of current assets financing of enterprise;
- to determine methodological principles of estimation of optimization efficiency of current assets of enterprise;
- to analyse the dynamics of volumes and structure of current assets of enterprise;
- to estimate the level of optimization efficiency of current assets of enterprise;
- to estimate the volumes and structure of current assets of enterprise in the planned period;

- to forecast the volumes and structure of financing of current assets of the LLC «Retail Trand».

The **object of research** is the process of optimizing sources of financing of current assets of the enterprise.

The **subject of research** is the theoretical and methodological aspects of optimization of sources of financing of current assets of enterprise.

Enterprise LLC "Retail Trand" was founded in 2014. The company manages the chain of stores "Furshet", which specialize in selling food products. Today, "Furshet" is a well-known and popular family-based shopping chain. It has close to 85 supermarkets with an area of up to 5000 square meters. throughout Ukraine with an assortment of more than 25,000 items of food and related products from 1,000 suppliers.

In accordance with the subject and the main purpose of its activities LLC "Retail Trand" carries out the following activities:

- wholesale and retail trade in goods (material values);
- organization of catering establishments: dining rooms, restaurants, cafes,
- department of cooking and others;
- creation of own system of wholesale and retail stores;
- conducting of export-import and foreign-economic operations;
- realization of trade-purchase and trade-mediation activity, opening of commercial stores, departments;
- organization and operation of mini-factories, workshops for the processing of agricultural products, as well as semi-finished products.

An integral part of a market economy is the creation and development of a competitive environment - a set of external factors that influence the competitive interaction of enterprises in the relevant industry.

Competitive environment is a result and conditions of interaction of a large number of market players, which determines the appropriate level of economic competition and the possibility of the influence of individual economic agents on the general market situation. In Ukraine, the main competitors of the trade mark

"Furshet" are a network of shops "Silpo", "ATB", "Velyka Kyshenya", "Novus", "Varus", "Fora". As of 01.01.2018 the number of full-time employees at the enterprise amounted to 1257 persons. The financing of the company's activity is carried out at the expense of own and borrowed capital. After analysing the volumes and structure of trade, the following conclusions can be made: during the period 2015-2017 there were positive changes in the activity of the trading company, which had a positive effect on the volume of sales of goods.

The research **methods** are presented in the form of quantitative data analysis. In the final qualifying paper, the following research methods were used: analysis, synthesis, comparison, grouping, and also the method of generalization of information helped to highlight the most important aspects of this study. In the second section, graphical, statistical and tabular methods were used to compare, group, and analyse data by year and by type of aggregate feature.

The **information** base includes articles of periodical scientific publications, textbooks, teaching aids. This literature makes it possible to establish the essence and meaning of the process and ways to optimize the sources of financing of current assets of the enterprise.

**Practical value of the research.** The results of the conducted research and the suggested ways of optimization of sources of financing of current assets can be taken into account and used by the enterprise in the further decision-making processes and improvement of the enterprise as a whole.

**Approbation of the research.** The results of the thesis, some of its aspects, and generalizations and conclusions obtained were announced at student research paper "Economy and Finance of Enterprise" (Kyiv, 2018).

**Structure of the paper.** The logic of the research resulted in the structure of the work: introduction, 3 chapters, conclusions and proposals, references, 14 applications. Total amount of pages in the work with appendices is 117 pages.



## SECTION 1

### THEORETICAL BASES OF SOURCES OPTIMIZATION OF CURRENT ASSETS FINANCING OF ENTERPRISE

#### 1.1 Essence and classification of sources of current assets financing of enterprise

The system of financing of current assets of an enterprise affects the speed of their turnover and efficiency of use. The question of sources of financing of current assets is also important because the situation of the consumer market, in which the company operates, is constantly changing, in connection with which the need of enterprises in current assets is unstable. Covering it only at the expense of its own sources is almost impossible and inappropriate. Experience has shown that in most cases, the efficiency of using of borrowed capital is higher than using of its own resources [1].

Economically substantiated classification of sources of current assets financing is an important precondition for the successful organization of accounting, since it depends on the ability to manage current assets clearly and in time, the possibility of operational analysis and forecasting, and ultimately, the validity of managerial decisions.

In the general sense, the classification is the distribution of objects, phenomena and concepts by classes, species, grades, depending on their common features. Classification of sources of financing of current assets is their systematization and grouping for the needs of asset management of a company. A variety of ways in which information about the sources of financing of current assets is grouped is needed in order to effectively management of enterprise [15].

On the one hand, the identified and formulated needs for asset management determine the choice of criteria for classification and the division of sources of financing of current assets of the enterprise in accordance with them. On the other hand, the study of the classification of sources of financing of current assets can

reveal new criteria for the distinction and grouping of assets, and due to this improve the information provision of decision-making, to provide available information. The more attributes of a classification are allocated, the greater the probability of knowing the object.

The need to classify the sources of financing of current assets is due to the following problems:

- scientific development of the analysis of sources of financing of current assets;
- further improvement of the methodology for analysis of sources of financing of current assets;
- Improvement of training and qualification of analytical personnel.

The important is the classification of sources of financing of current assets, since it enables the company to determine their optimal structure. This is largely dependent on the financial condition of the enterprise.

Problems of classification of sources of financing of current assets have been reflected in the works of such domestic scientists as Blank I.O., Bilyk M.D., Zyatkovsky I.V., Vasilik O.D., Ligonenko L.O., Oparin V.M., Pavlyuk K.V., Poddyerohin A.M. and others. Significant contribution to the study of problems has been made by foreign scientists Kovalev V.V., Kreinina M.K., Balabanov I.T., Donaldson G., Mill J.S., Hurt J., Braili R., Brighhem J., Mayers S. and others.

Different approaches to the classification of sources of financing of the enterprise are known in the theory of financial management. Let's consider what definitions of this economic category are given by modern scholars. The views of various scholars on this issue are grouped in Table. 1.1.

Kovalev V.V. divides them into advanced capital and short-term funds [26]. Kreinina M.N. allocates own and borrowed funds according to the forms of ownership [32]. Blank I.A., depending on the financial resources belonging, allocates own and borrowed capital as a liability, and within the latter, long-term and short-term financial liabilities [6].



Utkin E.A. notes that decisions on the choice of sources of funding are taken on issues such as the development and implementation of policies optimal combination of use of own and borrowed funds to ensure the most effective operation of the firm [51]. Solomatin A.N. also notes about the own and borrowed funds of a trading company, but complements the last group by "attracted" funds [48].

Table 1.1.

**Types of definitions of classification of sources of financing of current assets of the enterprise in the theory of financial management**

Definition of classification of sources of financing of current assets of the enterprise	Author of definition, literary source
- depending on the ownership of financial assets, author allocates both own and borrowed capital liabilities as part of sources of financing of current assets of the enterprise, and within the last, long-term and short-term financial liabilities	Blank I.O. [6]
- divides sources of financing of current assets of the enterprise on advanced capital and short-term funds	Kovalev V.V. [26]
- among the source of financing of current assets of enterprises according to the forms of ownership are allocated own and borrowed funds	Kreinina M.K. [32]
- notes that decisions on the choice of funding sources are taken on such issues as the development and implementation of policies of optimal combination of using of own and borrowed funds	Utkin E.A. [51]
- among the source of financing of current assets of the enterprise allocates its own and borrowed funds of the company, but complements the latter group of "attracted" funds	Solomatin A.N. [48]

Also, most scholars distinguish between the classification of sources of financing of current assets, depending on the nature of the current assets' participation in circulation and their types.

Let's consider what classification of sources of financing of current assets is provided by modern scholars. The views of various scholars on this issue are grouped in Table. 1.2.

Table 1.2.

**Types of definitions of the classification of sources of financing of current assets in modern economic literature**

Definition of classification of sources of financing of current assets	Author of definition, literary source
<p>Sources of financing of current assets are:</p> <ul style="list-style-type: none"> <li>- gross current assets - total assets, formed by own and borrowed capital. The balance sheet displays the sum of the second and third sections of the asset;</li> <li>- net current assets - is that part of current assets, which was formed due to own and long-term borrowed capital. The amount of net current assets is calculated as the difference between gross current assets and short-term current financial liabilities;</li> <li>- own current assets are that part of current assets formed solely from equity and is calculated as the difference between gross fixed assets and long-term borrowed capital invested in current assets and short-term current financial liabilities.</li> </ul>	Blank I.O. [6]
<p>Sources of financing of current assets are:</p> <ul style="list-style-type: none"> <li>- own and equivalent current assets to them (statutory fund, proceeds from securities issue, net profit, and also constant liabilities);</li> </ul>	Poddyerohin A.M. [53]

Definition of classification of sources of financing of current assets	Author of definition, literary source
- attracted and other current assets (funds of creditors, provided to enterprises in a loan at a certain percentage).	Poddyerohin A.M. [53]
<p>Sources of financing of current assets are:</p> <ul style="list-style-type: none"> <li>- own current assets (means of the enterprise, which is covered by the minimum amount of current assets, which is necessary to ensure a normal and continuous process of production and sales);</li> <li>- additionally involved current assets (formed from funds that are not owned by the enterprise, but as a result of functioning of the current system of settlements are in its use. These include stable liabilities, that is, the minimum wage arrears, payables);</li> <li>- borrowed current assets (are formed at the expense of the company engaged in a commodity or financial loan, both in the short-term and on a long-term basis).</li> </ul>	Onisko S.M., Marich P.M. [39]

Blank I.O. classifies the sources of financing of current assets, dividing them into: gross current assets - the total assets, formed from its own and loan capital. The balance sheet displays the sum of the second and third sections of the asset; net current assets are that part of current assets, which was formed from own and long-term borrowed capital.

The amount of net current assets is calculated as the difference between gross current assets and short-term current financial liabilities; own current assets is that part of current assets formed solely from equity and is calculated as the



difference between gross fixed assets and long-term borrowed capital invested in current assets and short-term current financial liabilities. [6].

Poddyerohin A.M. classifies sources of financing of current assets and divides them into: their own and equated ones; involved and others. It includes the statutory fund, proceeds from the issue of securities, net income, as well as continuing liabilities to own sources of formation of current assets. The sources of financing involved include the funds of creditors, which are provided to enterprises at a loan at a certain percentage [53].

Onisko S.M., Marich P.M. depending on the sources of formation, the current assets are divided into own, borrowed and borrowed. Own sources of formation of current assets consist of company funds, which they cover the minimum amount of current assets, which are necessary to ensure a normal and continuous process of production and sale of products. The attracted sources are formed from funds that are not owned by the enterprise, but as a result of functioning of the current system of calculations are in its use. These include liabilities, that is, the minimum wage arrears, payables. Loan sources of formation characterize that part of current assets, which was formed at the expense of a commodity or financial loan borrowed by the company both on a short-term basis and on a long-term basis [39].

The analysis of tables makes it possible to conclude that the majority of scholars distinguish current assets depending on the participation in the cycle, the nature of financial sources of formation and by type. The less common is the division of the degree of protection against inflation, the risk of invested current assets, the degree of liquidity, the period and the form of operation.

In our opinion, we can formulate a general definition of the nature and classification of sources of financing of current assets.

Thus, sources of financing of current assets of the enterprise are a collection of property values at the disposal of the enterprise, accumulated or involved in order to ensure the process of continuous activity and achieve high financial results of the enterprise.

Sources of financing of current assets are:

- own current assets (means of the enterprise, which is covered by the minimum amount of current assets, which is necessary to ensure a normal and continuous process of production and sales);
- involved current assets (formed from funds that are not owned by the enterprise, but as a result of functioning of the current system of settlements are in its use. These include stable liabilities, the minimum wage arrears, payables);
- borrowed current assets (are formed at the expense of the company engaged in a commodity or financial loan, both in the short-term and on a long-term basis).

There are different approaches to the classification of sources of financing of current assets. Consider a general approach to the classification of sources of financing of current assets.

Let's consider the scheme sources of current assets financing, which are divided into 3 groups: own, equal to own (additionally involved) and borrowed (Fig. 1.1.).

The size of their current assets, which is fixed by the enterprise, is not a constant value. The amount of their current assets during the preparation of the financial plan is updated annually in connection with changes in production volume, product mix, supply and sales conditions. In addition, there are problems in enterprises with untimely receipt of funds for shipped products, accumulation in the stock of unrealized finished goods, untimely and incomplete fulfillment of contractual obligations by suppliers, and due to other circumstances, which necessitate additional funds.

It is virtually impossible to cover this need only with its own sources. Therefore, it is currently economically inexpedient to create current assets only at the expense of its own sources, since it reduces the company's ability to finance its own expenses and increases the risk of financial instability of the enterprise.

In this case, the company is forced to apply for borrowing and attracting financial resources in the form of short-term bank loans and other loans, commercial loans, payables.

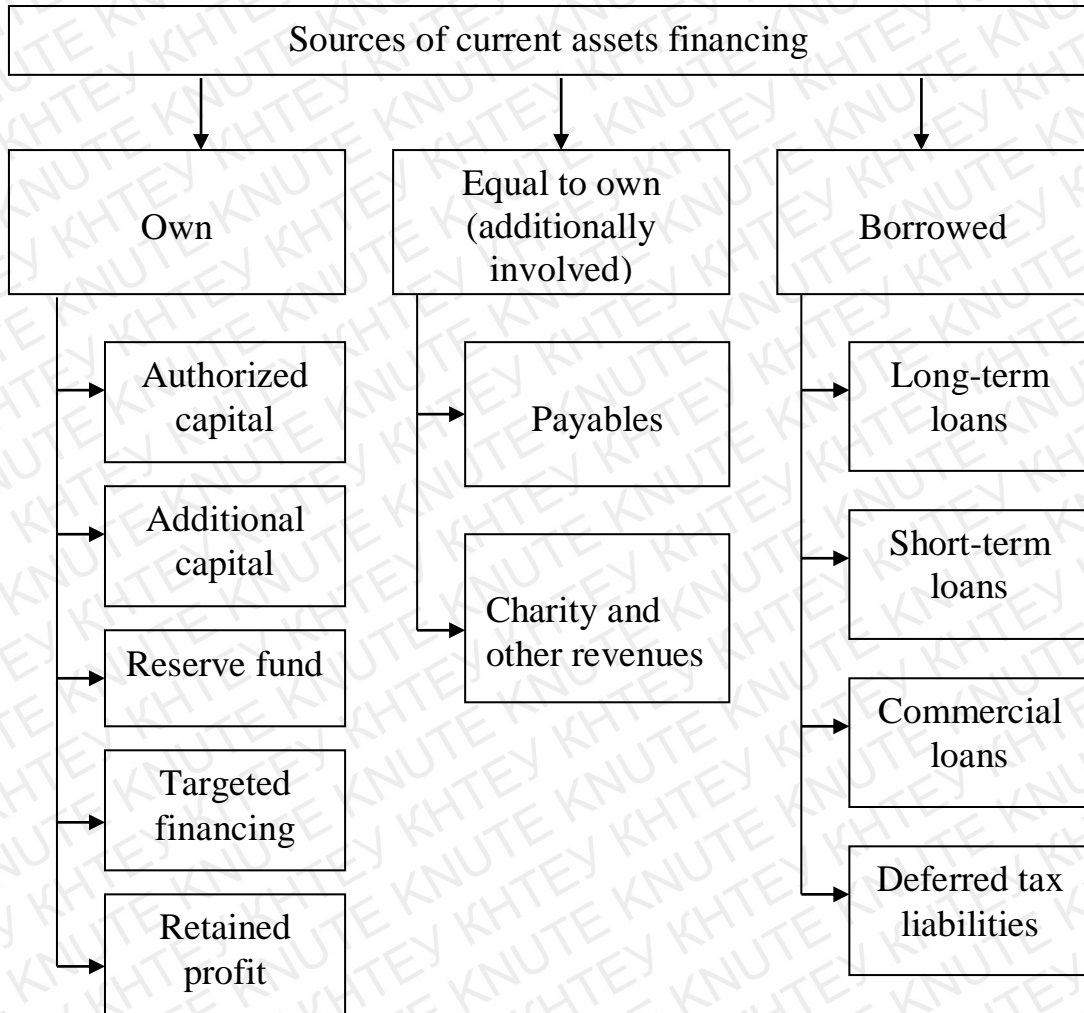


Fig.1.1. Sources of formation of current assets of the enterprise

As a rule, the minimum need of the enterprise in current assets is covered by the following own sources [38]:

- authorized capital;
- deductions from profit in special purpose funds;
- targeted financing and target revenues (from the budget, sectoral and extrabudgetary funds).

Entered enterprises form current assets at the expense of authorized funds.



On existing enterprises, their own sources of current assets financing are the profit remaining at the disposal of the enterprise, proceeds from the issue of securities, as well as the equivalents to their own current assets of the fixed liabilities.

In different countries it is customary to consider a normal different ratios between own and borrowed capital, for example, in the United States apply a ratio of 40:60, in Japan - 30:70 [42].

The funds that can be equated with their own are fixed liabilities. These funds are intended for use, which as a result of the applied system of monetary payments are constantly in the economic circulation of enterprises, however, it does not belong to it. Until the intended use, they are in the amount of the minimum balance are sources of formation of current assets of the enterprise.

Fixed liabilities are the minimum (stable) wage arrears to employees, deductions for compulsory state pension insurance, social insurance, reserve of future payments, advances to customers.

The size of the minimum wage arrears depends on the time of its payment and the term for which it is paid. The larger the gap between the payday and the final date of the period for which it is paid, the higher the debt, the more money the company can use in economic circulation [17].

Additional interest includes funds from other creditors who provide loans to enterprises at a certain (specified) interest rate for up to one year with the issuance of a bill or other debt obligation. The enterprise, issuing a bill of credit to the creditor, until the payment of the bill continues to use the funds that actually belong to the lender, thus delaying payment.

Similarly, a commercial loan is used by companies for lack of financial resources from the buyer (consumer) and the inability to pay with the supplier. The supplier agrees to grant a deferred payment for the supplied products, and from the consumer (enterprise) he receives a bill or other debt obligation instead of money.

Using a commercial loan facilitates the sale of goods, accelerates the rotation of current assets and reduces the need for credit and money resources.

Accounts payable refers to unscheduled additional sources of current assets formation, it generates a shortage of own current assets. The availability of accounts payable to suppliers is evidenced by the participation in the business of the enterprise of funds of other entities.

In other words, accounts payable are short-term liabilities of enterprises that arise due to [52]:

- calculations with the budget;
- settlement documents, the term of payment of which did not occur and which were not paid in time;
- non-fissile deliveries-calculations of mutual claims, bills, the term of payment of which did not occur and which were not paid in time;
- short-term loans.

Bank loans enable to finance expenses related to acquiring current (current) assets, seasonal needs of the enterprise, temporary increase of inventories, occurrence (increase) of accounts receivable, tax payments and other obligations, to create stocks of raw materials, materials, finished products and other types of tangible assets.

Planning needs for borrowed current assets includes the calculation of the required amount of credit, taking into account the balance of normalized inventories and determining the need for credit.

The amount of the loan, taking into account the balance of normalized commodity values, is determined for each object as the difference between the planned value of the property values at current prices and their current assets.

Using the general approach to grouping current assets of enterprises of the enterprise proposed in the theory of management, and also taking into account accounting practice at present, we propose to classify sources of financing of current assets of enterprises according to the following classification features: ownership, types of ownership, degree of risk generation, types of activity. In the context of these characteristics, we proposed a classification of sources of financing of current assets of enterprises, schematically shown in Figure 1.2.

Let's consider in detail the features of each of the identified sources of financing of current assets of enterprises.

By the nature of ownership of the source of financing of current assets, we discussed above.

By types of ownership, the sources of financing of current assets assets of trading enterprises are classified into the following resources: state investment, investment foreign investors and investment business entities.

The source of financing of current assets of enterprises as state investment resources is the key in a centrally planned economy. In the market conditions, the significance of this source of funding is relative commercial organizations, in particular trade enterprises, is rather insignificant [22].

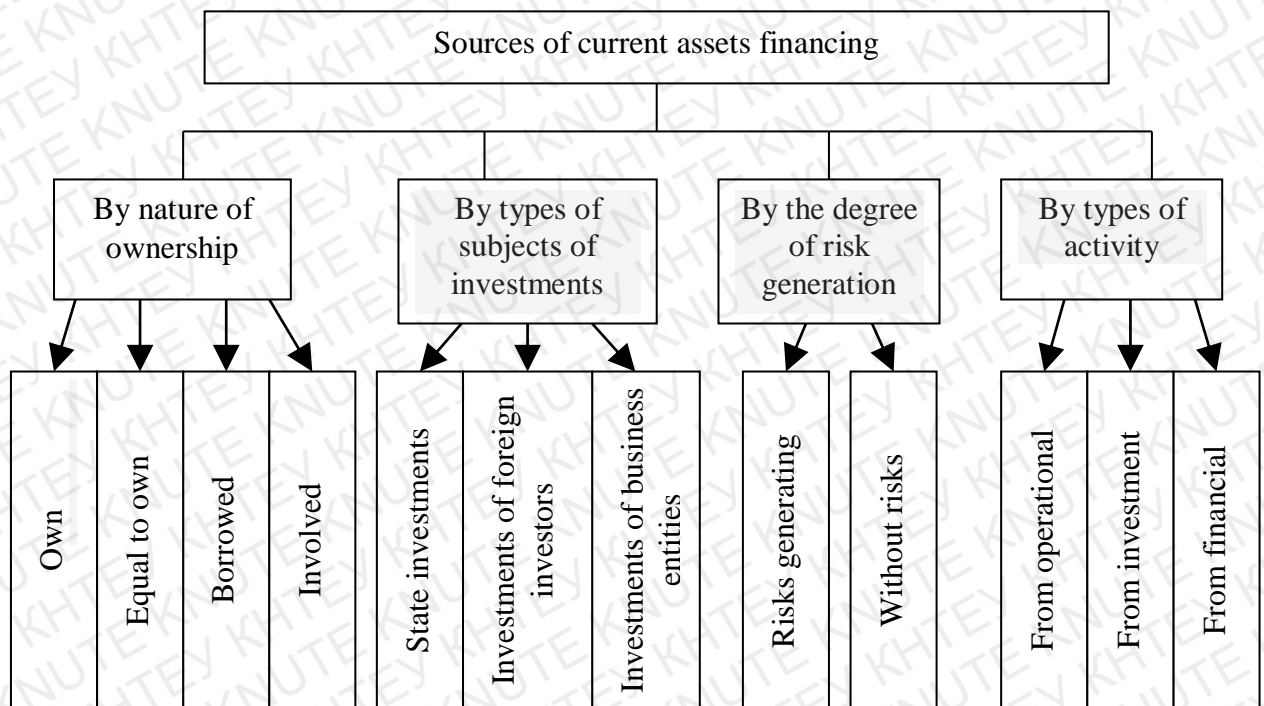


Fig. 1.2. Sources of financing of current assets of the enterprise

However, certain budgetary allocations in the form of targeted compensatory and non-repayable funding may take place, mainly in relation to enterprises whose state support is considered appropriate given their economic and social significance.



At the level of the state and entities of Ukraine, the financial resources invested have the following affiliation: own funds of budgets and extrabudgetary funds; attracted funds of the state credit and insurance systems; borrowed funds in the form of state international borrowings, government bonds, debt, commodity and other loans.

Investment resources of foreign investors can be used to finance some investment projects, which provide for the purchase of rare and high-tech material stocks. Typically, this kind of financing is based on share participation. The attraction of foreign capital to the implementation of program activities is carried out in accordance with the legislation on foreign investment [11].

As part of the investment resources of economic entities for the financing of current assets, apart from the separate financial resources of individual enterprises, the resources of investment mutual funds and equity funds can be used.

In accordance with the current legislation of Ukraine, a joint stock investment fund is an open joint-stock company, the exclusive subject of which is the investment of financial resources in various economic objects.

Equity investment fund is a separate property complex consisting of property, including money transferred to the trust management of the founders [12].

In addition to the above types of financing sources of current assets of trading companies, we propose a classification of sources of financing of current assets of trading companies on the basis of the degree of risk generation.

According to the proposed classification, we consider it appropriate to divide the sources of financing of current assets into: risk-free and source-generating risk.

Thus, risk-free sources of financing of current assets of enterprises include those whose use does not lead to an increase in the risks of the enterprise. To this group of sources of funding should include: undistributed profits, intra-system targeted financing, etc.

Risks generated by sources should include those whose involvement will increase the risks of the enterprise. These include: the profit of an enterprise if it is

aimed at investment purposes at the expense of a reduction in the payment of dividends; funds received from borrowed sources (the attraction of these funds increases the financial risk of the enterprise, since their involvement involves an unconditional obligation to repay the debt within a specified time period with the payment of a certain percentage for use); funds received from the issue of ordinary shares (the use of this source is associated with equity risk), etc.

As it is known, the type of economic activity of an enterprise affects the composition and structure of its current assets, as well as, respectively, the sources of their financing. In this connection, sources of financing of current assets of trade enterprises are proposed to be classified by type of activity, in particular from the main, investment, financial activity.

The choice of sources of financing of current assets is influenced by the scale of the enterprise. Large enterprises have more opportunities to finance current assets at the expense of credit resources, small - at the expense of their own funds or current liabilities.

The presented different views on the classification of sources of financing of enterprise assets do not contain contradictions, but only confirm and complement each other, reflecting various aspects of the study of the problem.

## **1.2 Methodological bases of optimization process of current assets of enterprise**

Today, in crisis conditions of the Ukrainian economy, issues related to ensuring the effective development of industrial enterprises, which collectively make up the economic potential of our state, are of particular importance.

The aforementioned statement is based on the fact that today, as before, businesses have faced a dilemma as with a minimum of financial resources to ensure sustainability of activity. Effective measures to optimize current assets of the enterprise are capable of solving the above-mentioned problem. At the same time, the practical aspects of ensuring such optimization should be built on a perfect theoretical basis, which will help to eliminate confusion and misunderstandings and ensure the effectiveness of the implemented measures.

An analysis of literature about these problems has shown that today a large number of scientists are interested in optimization of current assets of the enterprise, including Azarenkova G.M. [1], Bondarenko O.S. [10], Vlasova N.O. [15], Karaseva I.M. [24] and others.

However, despite the fact that the works of the listed scientists are sufficiently substantiated and indisputably important in terms of the theoretical foundation for the optimization of the current assets of the enterprise, they are still devoted only to certain aspects of the given issue.

To determine the capacity of the process of optimization of the current assets of an enterprise, it is necessary to make the following:

- to summarize the existing views of scientists on the meaning of the concept of "optimization";
- to investigate modern views of scientists on the essence of the concept of "optimization of current assets of the enterprise";
- to suggest and substantiate the author's vision of the concept of "optimization of current assets of the enterprise" on the basis of the symbiosis of these concepts.



First of all, it should be noted that there is a large number of definitions of the concept of "optimization of current assets" (Table 1.3).

Table 1.3

**Views on the definition of the concept of "optimization of current assets"**

Definition	Source
Achievement maximum profitability level while minimizing incoming financial flows, providing financial and economic activity with the necessary financial flows in a sufficient amount and at any time	Bondarenko O.S. [10]
Establishment of the necessary proportionality in the use of financing of current assets of the enterprise for the purpose of industrial and social development of the enterprise	Azarenkova G.M.[1]
One of the most important functions of management, which is aimed at increasing the efficiency of financing of current assets of the enterprise in the future period	Vlasova N.O. [15]

Scientists consider the capacity of optimization in different ways. So, there is an opinion that optimization is the achievement of maximum profitability while minimizing incoming financial flows. Indeed, this view very thoroughly defines the ultimate goal of any optimization measures for financial flows management, but avoids the direct capacity of optimization, that is, it does not determine its substantive essence.

If we look at optimization as finding the best option from the set of possible ways to bring the system to the best state, then this definition is too generalized because it contains a certain number of non-specified features, such as: the best option, the best condition. Moreover, it is not clear why such actions should be directed to the system, and not, for example, to its separate element, which needs to be optimized for a certain period of time.

The view of scientists that optimization is the establishment of the necessary proportionality in the use of financial resources for the purpose of industrial and social development of an enterprise, is also worthy of attention and is quite interesting in terms of outlining the ultimate goal of optimization.

So, it is necessary to draw attention to the fact that they determine the essence of optimization on different sides, but according to the author, the optimization should be based on a process aimed at achieving the desired state.

Consider the scheme of essential understanding of the process of financial flows optimization of the enterprise (Fig. 1.3.) [41].

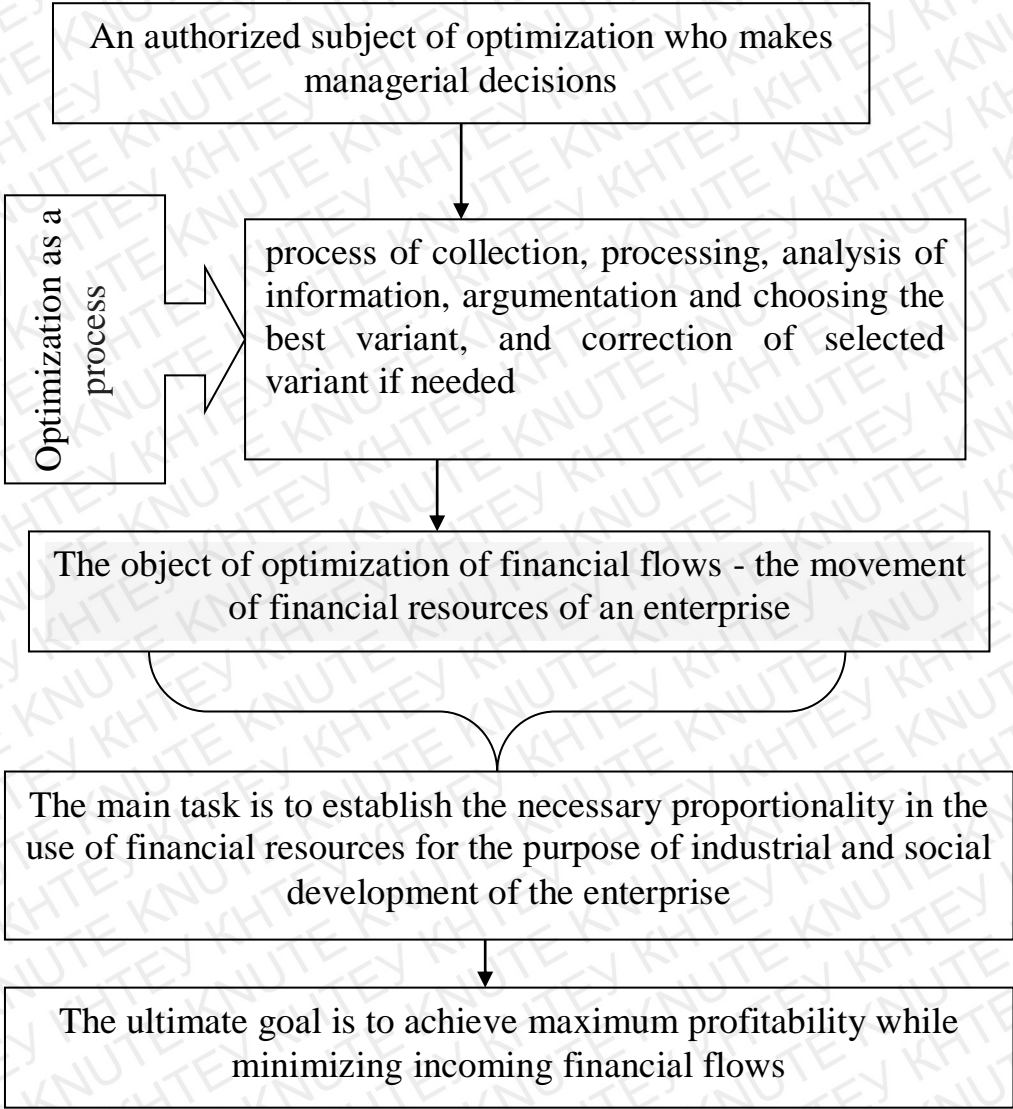


Fig.1.3. Essential understanding of the process of financial flows optimization of the enterprise

Any process involves a sequence of certain stages.

So if directly viewed optimizing a process, by its key stages (individual components optimization) should include: data collection, data processing, analysis of the information received, study and choose the best variant of the results, selection, correction option selected from the set of possible regarding bringing the system to the best state [21].

Of said shows that significant value in this process is the analysis of the information, which is not only the basis for the justification and optimization selecting a particular direction, but may be a satisfactory indicator of the results obtained by implementing optimization measures of the facility optimization.

However, an equally important role in the implementation and optimization plays an evaluation of the election results, which can be regarded as the final indicator that is able to provide information about whether or not achieved the goal of optimization.

Taking into account the above, one can deduce the following sequence of optimization steps (Fig. 1.4).

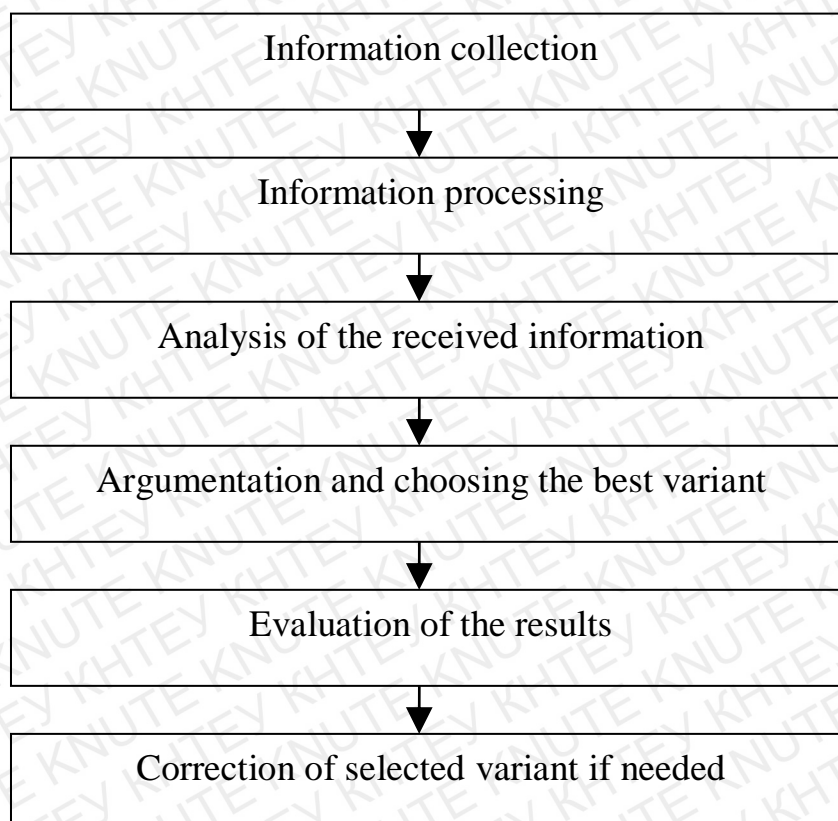


Fig. 1.4. Sequence of optimization steps



Thus, according to the author, optimization of current assets of the enterprise is a process of consistent influence on the movement of financial resources in order to achieve maximum profitability while minimizing incoming financial flows by establishing the necessary proportionality in the use of financial resources.

The need of current assets and their structure should be consistent with the sources of financing from the standpoint of such a combination of own and borrowed capital, which optimizes the ratio of acceptable risk of financial stability and high profitability of its own financial resources. Based on this, we believe that optimization is not limited to the calculation of norms, but also provides the current regulation, changing of separate elements of current assets in the way of the management system for these assets.

For an enterprise, one of the main elements of commercial activity is the formation of the optimal volume and structure of current assets, since the underestimation of the value of current assets causes an unstable financial state of the enterprise, interruptions in the production process and, consequently, a decline in production and profit [8].

In turn, overstating the amount of current assets reduces the company's ability to make capital investments to expand production. Distraction of funds does not allow the company to use free cash more rationally and effectively.

In order to optimize the structure of current assets, account should be taken of the advantages and disadvantages of each component.

The main advantages include the following: high liquidity; being the part of current assets in the form of ready-made means of payment; possibility of quick restructuring of current assets.

The disadvantages can be considered: possible inflationary depreciation of monetary assets; additional expenses for the maintenance of surplus current assets; higher level of financial risks in comparison with non-current assets.

An important task of the financial service of the company is to substantiate the size and determine the optimal balance between the components of its current assets.

Particular attention should be paid to optimizing the structure of current assets, the study of reserves of acceleration of their rotation.

In the process of optimizing the structure of current assets, it is necessary to form their proportions according to the level of liquidity of their individual types.

Although all types of current assets are liquid at one level or another, the overall level of their liquidity must provide the required level of solvency of the enterprise for all its current liabilities, taking into account the factor of time.

This level of solvency is ensured if the size of the immediate obligations (with a time of up to 1 month) is equal to the amount of monetary assets, short-term obligations (with a time of up to 3 months) are cash assets in the amount receivable, and current liabilities (with time up to a year) - current assets as a whole.

Taking into account these criteria, the company's assets structure may be amended accordingly.

In order to normalize payment transactions, the following measures should be taken [39]:

- to eliminate unnecessary payments for heat, water and energy (due to their more economical and rational use);
- to purchase the necessary production equipment for rent and leasing;
- to buy material and property values on terms of deferral payment;
- to extend the loans and transfer the terms of individual payments by agreement with suppliers.

Consequently, during the process of optimizing the structure of current assets, the goal is to maximize revenues from an optimized structure. The structure of current assets of an enterprise that will provide the maximum value of revenue or return on each item of current assets under all other equal conditions will be considered optimal.

In order to optimize the company's current assets, financial analysis of the current assets of enterprise must be carried out in such steps.

The first stage analyses the structure and dynamics of current assets of an economic entity, the pace of their changes are compared with the rate of change in sales volume, the dynamics of the share of current assets in the structure of the company's property is studied.

At the second stage, the dynamics of current assets is studied in terms of the main types of stocks, raw materials, finished goods, receivables, balances of monetary assets.

In the third stage the turnover of current assets is estimated on the basis of calculation of indicators (turnover duration, turnover rate).

The fourth stage defines the needs of economic partners in current assets for future operations.

The application of financial analysis in the management system of business entities will enable them to influence on the efficiency of the formation and use of current assets.



### **1.3 Methodological principles of estimation of optimization efficiency of current assets of enterprise**

Attempts to reform the national economy of Ukraine and, in particular, such an important branch of the economy as trade, in order to create a new economic space, highlighted a large number of problems related, in particular, with the management of a trading enterprise. One of these problems is the financial management in general and, in particular, is a condition of current assets.

At the same time, due to the non-payment crisis, the low degree of consistency of the financial and credit, fiscal and fiscal policies and pricing policies, the imperfection of the legal framework, a large number of trading enterprises has limited opportunities for cost-effective operation.

So rational and effective use of current assets, as a factor in the growth of the efficiency of trading enterprises becomes more and more important and requires consideration of the influence of all factors that affect the functioning of current assets, which is, in essence, the core element of management of it.

The state of current assets is characterized primarily by the availability of a certain date. A comparison of the actual availability of assets with a standard allows you to identify a deficiency or an excess of your own funds.

Lack of own current assets means exceeding of the standard of current assets over their actual availability. It may arise from the fault of the enterprise itself and other enterprises as a result of changes in the conditions of management that are not taken into account in due time, due to natural disasters and for other reasons.

The surplus of own current assets may arise as a result of overfulfilment of the profit plan, incomplete payment of payments to the budget, the free receipt of inventory of material assets from other organizations, the incomplete use of profit for the purposes provided by the financial plan [31].

The efficiency of using current assets at the enterprise is important, since it has a significant impact on the overall efficiency of the entire set of funds attracted by the enterprise. This is explained by the fact that the duration of the turnover of

fixed and current assets is significantly different because of the fundamental differences in the nature of participation in the production process of fixed assets and production funds. If the former are involved in the production process one time, then current assets is one time, fully consumed in each of its cycles.

The turnover of fixed assets is measured over the years, while current assets and funds during the year carry, as a rule, several turns.

Consequently, current assets serving the turnover of current assets and funds of circulation, largely determine the overall rate and efficiency of production.

In the system of measures aimed at increasing the efficiency of the company and strengthening its financial position, the issue of rational use of current assets is important.

The practical implementation of managerial decisions depends on ensuring the information environment, the authenticity of which depends on the correct choice of methods for evaluating management objects, a significant proportion of which belongs to current assets.

The consequences of using a particular method of assessment from the point of view of taxation have a significant effect on the alternative choice.

When optimizing the structure of the source of financing of current assets of the enterprise, the following groups of sources are distinguished [33]:

- equity of the enterprise;
- long-term financial loan;
- short-term financial loan;
- commodity (commercial) credit;
- Internal payables of the enterprise.

Modern conditions of operation of enterprises transform the process of assessing the efficiency of the use of current assets into an independent section of analytical work, the results of which can be used as an information base when adopting strategic management decisions and in the formation of a mechanism for managing the financial condition of the enterprise, strengthening its competitive positions in the markets.

Today, for a successful operation of an enterprise on the market, a methodological assessment of the efficiency of using its current assets is an objective necessity, which makes it possible to identify the strengths and weaknesses of an enterprise, improve its capacity and identify hidden potential opportunities.

The efficiency of the using of current assets significantly affects the results of economic activity; for its estimation different indicators are used -coefficient of turnover of current assets, the duration of one turnover, the coefficient of loading of turnover, material capacity, etc.

Taking into account the aforementioned, for the efficiency of the use of current assets, the following economic indicators, which are given in Table 1, can be distinguished.

Table 1.4

**Performance indicators for use of current assets [14]**

Indicators	Algorithm of calculation	Economic essence
1. Ratio of current assets turnover	$\frac{[\text{proceeds from sales}]}{[\text{the average amount of current assets of period}]}$	<p>This ratio shows the number of revolutions made by current assets of the enterprise for the period (usual for year) or volume of goods sold in the amount for 1 UAH of current assets.</p> <p>Accelerating of turnover is possible either with an increasing in goods per unit of current assets, or with a decreasing in the amount of current assets needed to produce the same amount of goods.</p>



Indicators	Algorithm of calculation	Economic essence
2. Ratio of current assets capacity	[the average amount of current assets of period] : [proceeds from sales]	The reverse indicator to current assets turnover ratio. This is the amount of current assets advanced to 1 UAH proceeds from sales. The lower indicator is, the more effective the current assets are used.
3. Profitability ratio	[profit] : [the amount of investments]	The ratio measures the profit generated on an investment relative to the amount of money invested.
4. The length of one turnover	[period] : [ratio of current assets turnover]	This is the average time (in days) for which its investment in current assets returns to the company in the form of proceeds from sales. The acceleration of turnover of current assets can be estimated by their absolute and relative release from turnover.
5. The material capacity of the products manufactured at the enterprise	[financial costs] : [gross product]	This indicator describes the level of use of material current assets and shows how much financial resources used in the production per one unit of goods.

1) Turnover of current assets - an indicator of business activity, which measures the efficiency of using current assets of the enterprise (cash, inventory, receivables). Under the turnover funds mean the duration of their individual stages of the operating cycle.

Turnover of current assets is calculated by:

- the duration of one turnover in days (turnover of current assets in days);
- number of revolutions for the reporting period (turnover rate, turnover rate).

$$\text{Assets turnover (per year)} = \text{Revenues (Net income)} / \text{Average annual amount of current assets} \quad (1.1).$$

As with other average annual values, it should be remembered that there are several ways to calculate the average annual amount of current assets. If you have access to the company's internal information, you should find the average based on the value of the indicator at the end of each business day. If there is monthly reporting, the indicator is used at the end of each month. If there is only annual reporting, then the value is used at the beginning of the study period and at the end of the study period.

The ratio of current assets turnover characterizes the amount of net proceeds from the sale of products (goods, services) per one hryvnia of current assets:

$$R_{\text{cat}} = \text{NPS} / \text{CA}_{\text{aver}} \quad (1.2),$$

where: - NPS - net proceeds from sales of products (goods, services);  
 -  $\text{CA}_{\text{aver}}$  - average amount of current assets, is determined by the formula of the arithmetic or chronological average.

The growth rate of turnover indicates a more efficient use of current assets.

The turnover rate simultaneously shows the number of revolutions of current assets for the analysed period and can be calculated by dividing the number of days of the analysed period (D) by the duration of one turnover in days (Turnover):

$$R_{\text{cat}} = D / \text{Turnover}; \quad (1.3).$$

The smaller is the duration of the turnover of current assets, the higher is the speed of their turnover.

For more thorough conclusions, it is necessary to analyse the turnover of individual articles of current assets.

The ratio of inventory turnover ( $R_{\text{inv.turn.}}$ ) is calculated by the formula:

$$R_{\text{i.turn.}} = \text{PCPS} / I \quad (1.4),$$

where : - PCPS - prime cost of product sold;

- I - inventories.

The higher this coefficient, the faster the inventory is rotated. Reduction of the coefficient calculated at the end of the reporting period in comparison with the coefficient calculated at the beginning of the reporting period indicates a slowdown in the turnover of stocks, that is, reducing the efficiency of their use.

This fact can also be shown below the value of this ratio compared with the average industry.

Then we calculate the receivables turnover ratio.

The receivables turnover ratio is an accounting measure used to quantify a firm's effectiveness in extending credit and in collecting debts on that credit. The receivables turnover ratio is an activity ratio measuring how efficiently a firm uses its assets.

Receivables turnover ratio can be calculated by dividing the net proceeds from sales during a given period by the average accounts receivable during the same period. Average accounts receivable can be calculated by adding the value of accounts receivable at the beginning of the desired period to their value at the end of the period and dividing the sum by two.

The method for calculating receivables turnover ratio can be represented with the following formula:

$$\text{Accounts receivables turnover} = \frac{\text{Net procceds from sales}}{\text{Average accounts receivable}} \quad (1.5).$$

The main ways to accelerate the turnover of assets:

- reduction of the duration of the operating cycle through increased productivity, the use of advanced technologies, more complete and efficient use of labor and material resources;
- improvement of the organization of material and technical supply with the purpose of uninterrupted maintenance of operational activities with the necessary material resources and shortening the time spent in the capital stock;



- accelerate of the process of shipment of products, sales of goods and clearance of settlement documents;
- decrease the time of capital's stay in the stocks at the expense of rational management of it;
- improve the organization of material and technical supply; prevent the emergence of excessive inventories of tangible assets, and in particular stocks of goods that are not in demand;
- improve trade and technological processes by introducing innovations, intensifying the use of material and labor resources;
- not to allow causes and conditions leading to the occurrence of overdue receivables for goods, work and services and other overdue debts, and especially the emergence of shortages, embezzlement, theft;
- improve the discipline of payments and ensure conditions that will eliminate the possibility of the release of goods to insolvent buyers in debt without prepayment;
- reduce the time of capital's stay in receivables using factoring, accounting for bills and other financial instruments;
- improve the presentation-claim work on the maintenance of debts and compensation for losses;
- raising the level of marketing research aimed at accelerating the progress of finished products (goods, services).

2) The ratio of current assets capacity ( $R_{c.a.cap.}$ ) is calculated by the formula:

$$R_{c.a.cap.} = CA_{aver.} / PS \quad (1.6),$$

where: - PS - proceeds from sales of products (goods, services);

-  $CA_{aver}$  - average amount of current assets.

This is the reverse indicator to current assets turnover ratio. This is the amount of current assets advanced to 1 UAH proceeds from sales.

The lower indicator is, the more effective the current assets are used.

3) Profitability ratio (also can be named as ROI – return on investments) of current assets is an indicator of the efficiency of the use of funds, which is widely

used in world practice, is the rate of return, which is the ratio of profit to the capital invested in obtaining this profit.

The coefficient of profitability is used also at enterprises of Ukraine. Comparing the profitability ratios of enterprises, you can choose alternative ways to use capital. In addition, the rate of return shows the effectiveness of management, because it is a peculiar indicator of its quality, and also indicates the ability of the enterprise (or failure) to earn enough return on investment. This indicator is important for forecasting profits, since it relates the profit that the company plans to receive, with the total invested capital.

The profitability factor is used as a tool for making investment decisions in the enterprise, as well as in financial planning, coordination, control of economic activity and its results.

The profitability ratio (ROI) is calculated by the formula:

$$\text{ROI} = \text{Profit} / \text{Investments} \quad (1.7)$$

This is the formula for calculating the total profit factor. However, it should be noted that there is no generally accepted investment indicator for calculating the profitability factor.

Both assets and liabilities are used as investments. There are two types of assets:

1. General assets (long-term + intangible + current).
2. Revised assets (part of total assets minus "non-productive assets").

These include unused and unnecessary equipment, incomplete construction, excessive current assets, and tangible assets.

The main motive for this deduction is to remove the responsibility from the administration for making profits for non-performing investments.

However, on the other hand, from the point of view of the owners who use the funds at their own discretion, they themselves will not keep assets that do not bring profit. If the company has such assets, then they should not be excluded from the calculation of profitability only because they are used inefficiently or do not bring current profits.

So, it must be said that the profit on total assets is the most generalized indicator of profitability. This indicator measures the return on all assets entrusted to the administration of the enterprise.

4) The length of one turnover of current assets ( $L_t$ ) shows the duration of one turnover of current assets in days and is calculated by the formula:

$$L_t = P / R_{cat} \quad (1.8),$$

where: - P - period (360,90,30 days),

-  $R_{cat}$  - ratio of current assets turnover.

This is the average time (in days) for which its investment in current assets returns to the company in the form of proceeds from sales. The acceleration of turnover of current assets can be estimated by their absolute and relative release from turnover.

Among the measures to increase the efficiency of the using of current assets, the current place belongs to:

1. optimization of inventories of resources and work in progress;
2. reducing of the length of the production cycle;
3. improvement of the organization of logistics;
4. acceleration of sales.

5) The material capacity of the products manufactured at the enterprise.

The material capacity of products - the ratio of the amount of material costs to the cost of manufactured products - shows how much material costs it is necessary or actually falls on the production unit.

Specific material density is determined to characterize the material capacity of individual products. It can be calculated both in terms of value (the ratio of the cost of all consumed materials per unit of production to its wholesale price), and in natural or conditional terms (the ratio of the amount or mass of material resources spent on the production of some kind of product to the number of products released this type). In the process of analysis, the actual level of performance indicators for using materials is compared with the plans, studying their dynamics and the causes of change (Fig. 1.4).



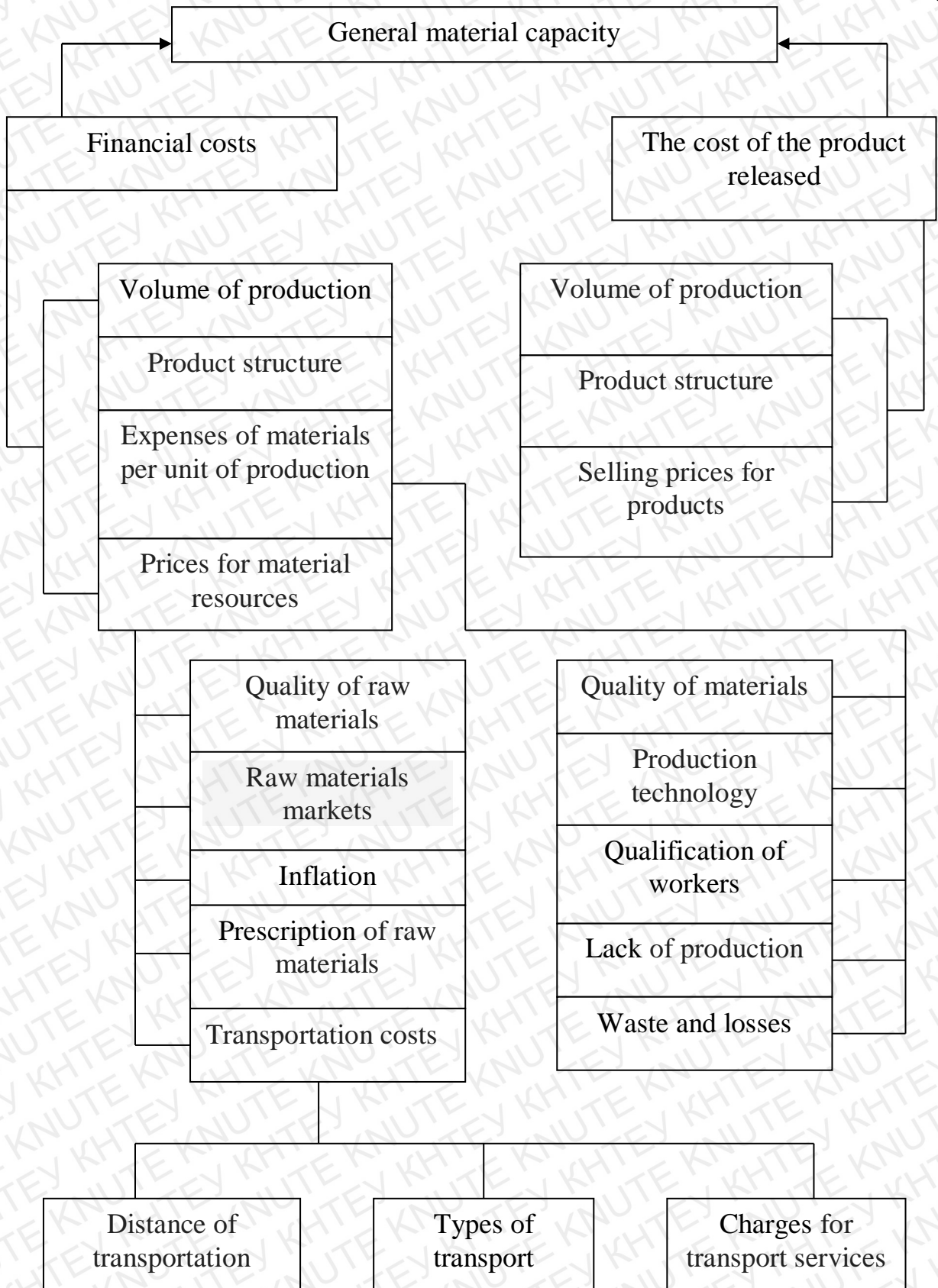


Fig. 1.4. Structural-logical model of factor analysis of material capacity of products

In the analysis of economic activity and the efficiency of the use of material resources, the combination of natural and costly indicators of material content is always used.

Sometimes the indicators of material capacity incorrectly include the total part of material costs in production costs: in terms of material content, it can perform evaluated, and even more so, the planned functions. This is due to the fact that the proportion of material costs is unmatched by individual industries and industries because of the characteristics of accounting and costing. The main thing is the proportion of the cost of material resources changes not only under the influence of the effectiveness of their use, but also depending on the change in the group of costs in the cost of production, the cost of wages.

As a result, the total material capacity depends on the volume of produced products, its structure, and the cost of materials per unit of production, prices for material resources and for products.

## SECTION 2

### INVESTIGATION OF OPTIMIZATION OF SOURCES OF FINANCING OF CURRENT ASSETS OF LLC «RETAIL TRAND»

#### 2.1 Dynamics of volumes and structure of current assets of enterprise

In the organization of current assets it is necessary to distinguish between their composition and structure. Structure of current assets - this is a set of separate elements of current assets and circulation funds [16].

The structure of current assets - is the relation of individual elements of current assets in their total volume.

The production assets include:

- raw materials;
- basic and auxiliary materials;
- semi-finished products;
- fuel;
- container;
- spare parts for repairs;
- low-value and worn items;
- unfinished production;
- semi-finished products of own manufacture;
- future expenses.

Circulation funds - these are the balances of finished goods in the warehouse of enterprises, shipped, but not paid by customers goods, balances of enterprises in the current account in the bank, cashier, in settlements, receivables, and also concluded in short-term securities .

The funds of circulation include [16]:

- finished products in warehouses of the enterprise;
- finished goods that are shipped and are on the road;
- cash on settlements and other accounts;



- cash in unfinished calculations;
- receivables;
- cash in register.

The composition and structure of current assets are not constant. They change both over the years and during the year, depending on the changing nature of the enterprise's production activities, the characteristics of the formation of stocks and costs [10].

Despite the differences in the appointment, current asset and funds circulation closely related. They serve a single process of reproduction in the production and ensure its continuity. At the same time, current assets and circulating funds are constituents of current assets, reflecting their placement in the areas of reproduction in the process of movement, and at the same time are independent economic categories.

Economic category that objectively exists is current assets. For the economic substance clarification current assets necessary to delineate their functional forms, which they constantly acquire and change passing through the production of and circulation, to control the movement of these functional forms with the motion of their real carriers, and also to consider circulating assets as a category in motion [5].

If the production process at each enterprise is continuous, then the current assets serving it are at the same time at the same time both in the sphere of production in the form of production stocks, work in progress, and in the sphere of circulation in the form of finished goods and cash. In addition, from the sphere of production, they turn into the sphere of circulation and vice versa, that is, they are constantly in motion, passing three stages of the cycle - monetary, commodity and production.

The relation of current assets in the sphere of production and the sphere of circulation depends on the characteristics of the organization of production, supply, sales, as well as the system of calculations. In order to ensure the continuity of the production and sales process, it is necessary to achieve the optimal relation of

current assets in the sphere of production and circulation. The company is interested in reducing current assets in circulation due to improved supply system, more rational forms of payments.

Consequently, the objects of labor in monetary valuation are production of current assets. To them, industrial enterprises include raw materials, materials, fuel, spare parts, fuel, and other tangible assets.

Current assets are money resources invested in current assets and circulation funds to ensure the continuous production and sales of manufactured products that take part in the production process once and completely transfer their cost to the cost of production.

Current assets organization includes [27]:

- definition of composition and structure of current assets;
- definition of the needs of the enterprise in current assets;
- determination of sources of current assets formation;
- disposal and maneuvering of current assets;
- responsibility for the storage and efficient use of current assets.

Structure of current assets is a set of separate elements of current assets and circulation funds. The structure of current assets - is a fraction of the value of individual articles of current assets and turnover funds in the total amount of current assets.

The structure of current assets has significant fluctuations in certain sectors of the economy. It depends on the composition and structure of the costs of production, the terms of supply of material values; the conditions for the sale of products, calculations (for example, coal industry, light and food industry, machinery, petrochemical industry).

The composition and structure of production stocks, work in progress, and finished products is an important indicator of the commercial activity of the enterprise.

Understanding the specifics of the structure of current assets in the enterprise allows them not only to better manage them, but also to focus on

precisely those areas where the most efficient use of them should be ensured. This can be attributed not only to the standardized articles of current assets, but also to the part that serves the sphere of circulation.

The working circulating assets also include unfinished production and future costs.

The main purpose (function) of assets is to ensure the smooth and rhythmic production process in enterprises and unification.

In addition to production of current assets, each enterprise has a part of the assets that are in circulation. These are finished products, cash on accounts in the bank and in the company's cash desk, funds in payments, etc. This part of the assets, valued in money, is called the funds of circulation. Their main purpose (function) is to provide funds for a planned process of turnover at enterprises.

Indeed, if the process of production at each enterprise is continuous, then the circulating assets serving it are at each moment both in the sphere of production in the form of production stocks, work in progress, and in the sphere of turnover in the form of finished goods and cash. In addition, from the sphere of production, they move into the sphere of circulation and vice versa, that is, they are constantly in motion, passing three stages of the cycle - monetary, commodity and production [10].

Consequently, current assets as a value category are the value advanced in the circulation of production current assets and funds to ensure the continuity of the production and circulation.

In the organization of current assets it is necessary to distinguish between their composition and structure. Under the composition of current assets understand the totality of their elements.

The structure of current assets - is the relation of individual elements of current assets in their total volume.

In the national economy, the composition and structure of current assets varies and depend on the industry, composition of costs, type of output, features of



material and technical supply, etc. In the manufacturing sector, as well as in trade, the largest share in current assets has reserves.

Reserves are assets that are in the process of production for the purpose of reselling the resulting product of production, held for sale in the ordinary course of business, as well as for consumption in the process of production, execution of works and provision of services.

In economic activity, stocks are divided into the following types [33]:

- raw materials, main and auxiliary materials, component parts and other material assets intended for the production of products, works, services, production servicing, etc .;
- products of incomplete production in the form of not completely finished parts, knots, products and unfinished technological processes;
- finished products, made at the enterprise and intended for sale;
- goods in the form of tangible assets acquired (received) and held at the enterprise for the purpose of resale;
- low-value and worn items;
- young animals and animals on fattening, products of agriculture and forestry, if they are evaluated under this provision (standard).

Material basis of production are productive assets in the form of means and labor. In the process of functioning, they are differently transferring their value to the cost of the finished product.

Unlike the main productive assets, current assets are consumed in one production cycle and its cost is fully transferred to the cost of the manufactured product. At the same time, one of their parts in a form is part of the created product and is gaining a commodity form in which it will be used by the consumer. The other part is also fully consumed in the production process, but losing its consumer value, in the form of the product does not include the product (fuel).

Revolving production funds constitute the minimum necessary for the implementation of the production program stocks of raw materials, basic materials,

purchased semi finished products, auxiliary materials, fuel, spare parts for repair, low-value and wearable items, as well as work in progress.

Conversion funds, although not directly involved in the production process, are a necessary element for ensuring the unity of production and circulation. The scope of their functioning creates the prerequisites for separating them into an independent concept of "funds of circulation".

Funds of circulation consist of stocks of finished products in the warehouse of the enterprise; goods shipped to buyers; the balance of funds on the account at the bank and the company's cash desk.

Thus, there is about 'subjective need advance funds to ensure continuous movement of circulating funds and funds of circulation in order to create the necessary inventory, finished goods and the conditions for its implementation.

Movement of current assets and funds of circulation constitute a single process, which is provided by the corresponding of current assets.

As for the relation of current assets and working capital, it is independent economic categories that are in close connection and interdependence with one another, namely: initially, current assets are always an investment, that is, a source of education, but this investment should be somewhere posted.

Current assets reflect the nature of the placement of invested capital in the process of economic activity of the enterprise. Current assets, as a source of advance, forms the current assets that later return the advanced capital, which provides the circulation of capital, which conditionally ceases to exist as capital after the completion of each operating cycle, exhausting its function in production, and is constantly reproduced through the sale of finished products and after the collection receivable.

Current assets and current assets are restoring each other, thus ensuring the continuity of economic processes. The main purpose of current assets is the investment of value in the elements of current assets in order to ensure the current economic activity; Current assets characterize the material composition of the assets of the enterprise to maintain the current economic process [16].

The main purpose of the analysis of current assets is to assess the effectiveness of their use and optimize the structure, that is, the establishment of optimal proportions between components.

We make an analysis of the structure and dynamics of the current assets of the LLC «Retail Trand» for the last three years (2015-2017) (Table 2.1).

Analyzing the dynamics of the main items of current assets of LLC «Retail Trand» over the last three years (2015-2017), we can make a conclusion that the volume of current assets of the enterprise:

- for 3 years increased: from 21 041 thousand UAH. in 2015 up to 29 450 thousand UAH. by the end of 2017 or by 39%.
- These changes are mainly related to a increasing in the amount of inventories, and increasing and decreasing in the amount of accounts receivable and other current assets (Table 2.1). This could be considered a positive trend.

Table 2.1.

**Dynamics of main items of current assets of LLC «Retail Trand»  
during 2015-2017, in thousand UAH**

Indicators	Actual figure			Absolute deviation		Growth rate, %	
	2015	2016	2017	2016/ 2015	2017/ 2016	2016/ 2015	2017/ 2016
Inventories	13 365	16 786	21 864	3 421	5 078	25,6	30,3
Accounts receivable	6 063	7 474	6 528	1 411	- 946	23,3	- 12,7
Other current assets	1 613	1 086	1 058	- 527	- 28	- 32,7	- 2,6
<b>Total current assets</b>	<b>21 041</b>	<b>25 346</b>	<b>29 450</b>	<b>4 305</b>	<b>4 104</b>	<b>20,5</b>	<b>16,2</b>



For 2016, the enterprise has a situation of increasing in the absolute amount of accounts receivable: 1411 thousand UAH or 23,3%; for 2017, respectively, an insignificant decrease of 946 thousand UAH or 12.7%.

Growth of accounts receivable due to increased demand for products of the company, an increase in the volume of commodity loans, is evaluated positively, as it indicates an increase in the efficiency of the use of current assets.

But if the growth in debt is due to inefficient credit policies, the wrong choice of partners, the lack of assessment of their creditworthiness, financial status, this indicates the withdrawal of assets in circulation and will inevitably lead to deterioration of financial stability, solvency, increases the risk of bankruptcy [28].

Also, there were changes in other items, which are not so big in structure of current assets of this enterprise and are not shown in Table 2.1.

Cash and cash equivalents during this analysed period increased by 8 thousand UAH or by 22.9% in 2016 and by 420 thousand UAH or 976.7 % in 2017.

During the assessment of cash in the past, in all cases, their increase was positively evaluated, as it indicates liquidity, increase the volume of sales, increase the business activity of the enterprise.

However, given that these assets suffer losses due to inflation, today the company should strive to rationally use free cash. The ability to manage cash is to hold the accounts only at the minimum amount of cash that may be needed for current operations and to cover the temporary imbalance of cash flows in time [28].

Current financial investments for the entire period were absent.

The determined dynamics of the company's current assets has influenced on the formation of their structure (Fig. 2.1).

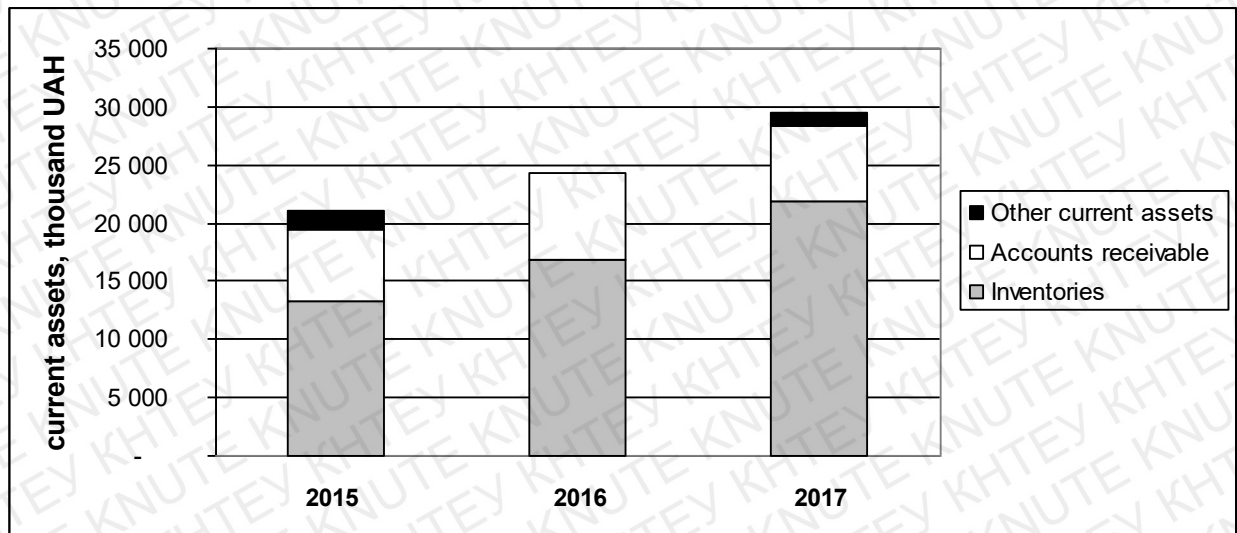


Fig. 2.1. Dynamics of main items of current assets of LLC «Retail Trand» during 2015-2017, in thousand UAH

The figure shows that the largest share in current assets during 2015-2017 was presented by inventories.

So, during the 2015-2017, significant changes were made in the composition and structure of the current assets of the LLC «Retail Trand». A significant part of the volumes was consistently held by inventories. Also, accounts receivable consistently occupy a smaller share in the structure of current assets, the smallest - cash and cash equivalents.

Table 2.2.

**The dynamics of the total volume of current assets  
LLC «Retail Trand» for 2015-2017, in thousand UAH**

Indicators	Actual figure			Absolute deviation		Growth rate, %	
	2015	2016	2017	2016/ 2015	2017/ 2016	2016/ 2015	2017/ 2016
Total current assets	21 041	25 346	29 450	4 305	4 104	20,5	16,2

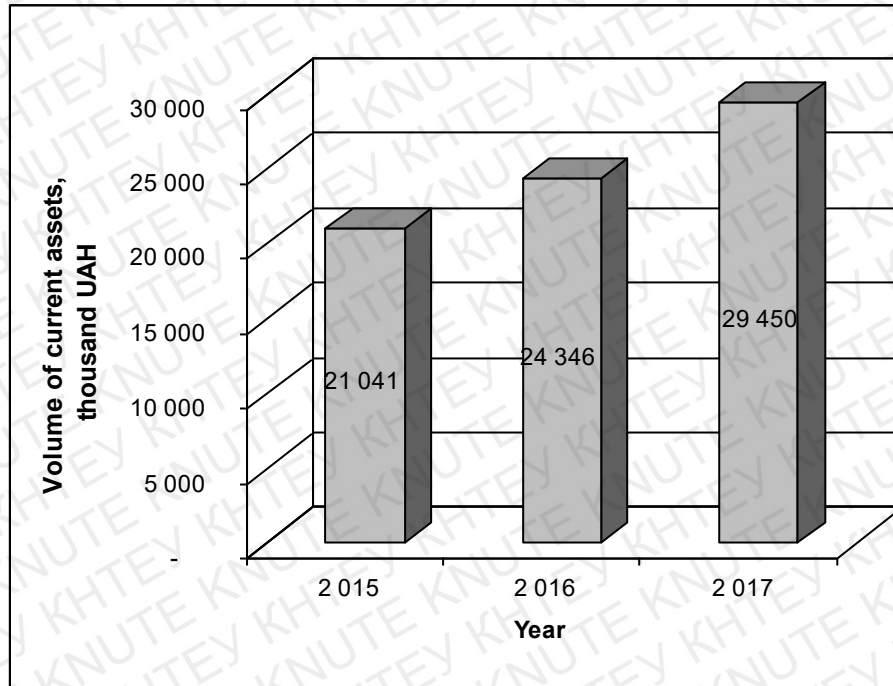


Fig. 2.2. The dynamics of the total volume of current assets LLC «Retail Trad» for 2015-2017, in thousand UAH

The adequacy of the volume, the structure of the formation of current assets are important for ensuring financial stability and solvency, profit and profitability of the organization.

In the process of analysis of current assets, it is important to determine how optimal their volume and structure of formation.

Additional increase of working capital has certain limitations. The growth of working capital is justified, if it is accompanied by the activation of sales, and, consequently, the growth of profits.

It is important that there should not be unwarranted growth in working capital, the result of which may be temporarily free, inactive assets, causing unnecessary costs, which, in turn, leads to a reduction in profits.

These costs include the cost of servicing debt financing sources of current assets (interest on borrowed funds); warehouse and other expenses; impairment of excess cash balances on bank accounts; loss of part of the value of receivables under the influence of inflationary processes.



Consequently, based on a thorough analysis of the efficiency of current assets, a financial policy for managing the working capital of an enterprise should be based, the implementation of which should provide a compromise between the risk of liquidity loss and the efficiency of economic activity [29].

Table 2.3.

**Comparison of the volume of current assets of LLC «Retail Trand» with the sales volumes for 2015-2017 years, in thousand UAH**

Year	2015	2016	2017
Sales volume	13365	13672	13492
Volume of current assets	21 041	24 346	29 450

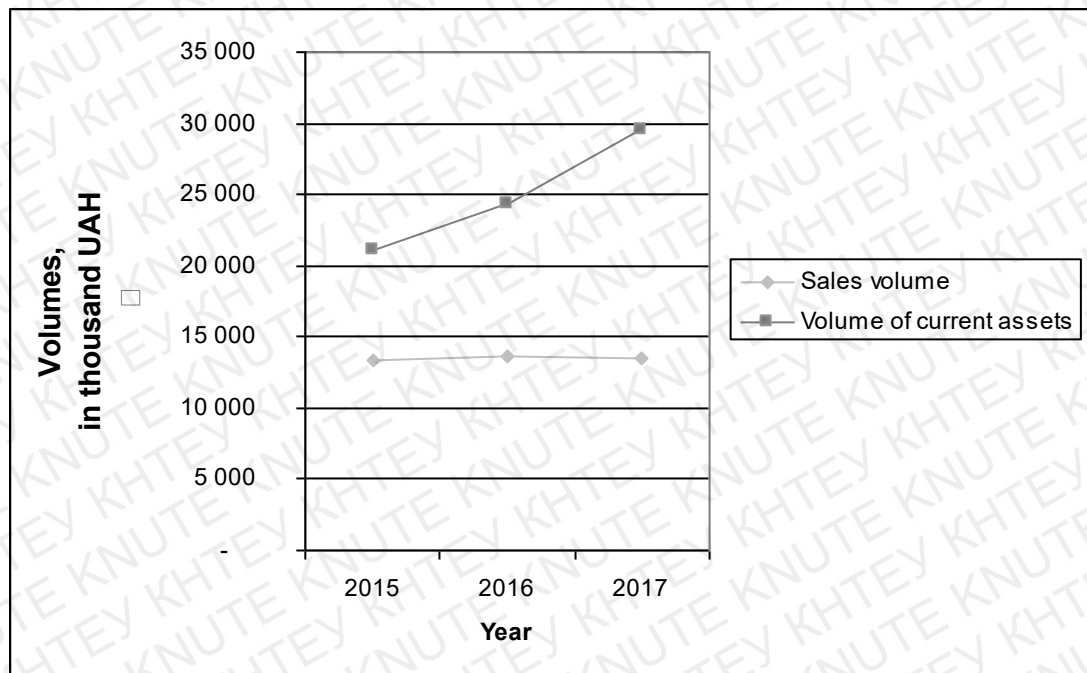


Fig. 2.3. Comparison of the volume of current assets of LLC «Retail Trand» with the sales volumes for 2015-2017 years, in thousand UAH

Sale of products is an important final stage of the activity of the enterprise. From how an organized system of sales of products depends on the continuity of the production process, the turnover of working capital, the results of financial and economic activity, profitability. Untimely implementation negatively affects consumers of products, because it causes a violation of their normal activities.

Implemented are the products for which the funds were received from the buyer to the account of the entrepreneur-manufacturer. In the conditions of prepayment, the product is considered to be realized as it shipment to customers, and with barter exchange - when the goods are exchanged for the corresponding value of released products, which properly duly executed documents.

For the period of 2015-2017 there is the general tendency to little changes in volumes of sold products. This led to further improvement of the financial situation of the LLC «Retail Trand».

Table 2.4.

**Specific weight of current assets of LLC «Retail Trand»  
in the total amount of assets for 2015-2017**

Year	2015	2016	2017
Volume of assets, thousand UAH	37 933	52 089	73 529
Volume of current assets, thousand UAH	21 041	24 346	29 450
Specific weight of current assets in the total amount of assets, %	55,47%	46,74%	40,05%

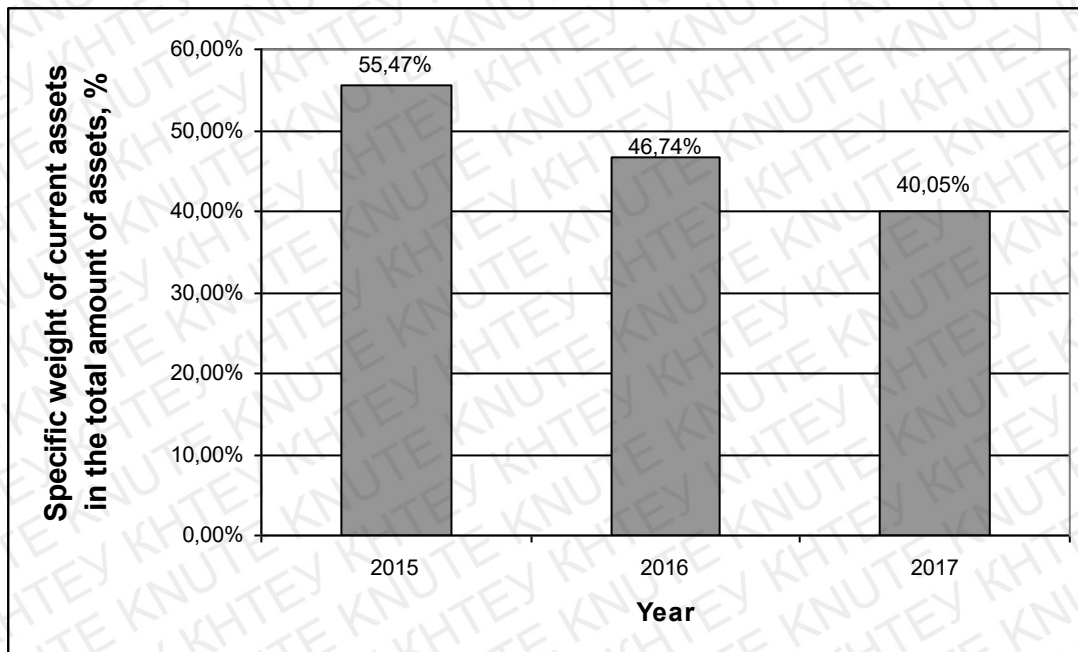


Fig. 2.4. Specific weight of current assets of LLC «Retail Trand» in the total amount of assets for 2015-2017, in %

The specific weight of current assets of LLC «Retail Trand» in the total amount of assets for 2015-2017 had a tendency to decreasing from year to year and was 55.47 % in 2015, 46.74 % in 2016 and 40.05 % in 2017. The reason for these changes is increasing of amount of non-current assets in total amount of assets of LLC «Retail Trand» in 2015-2017.

Table 2.5.

**The dynamics of volume of accounts receivable of the LLC «Retail Trand» for 2015-2017, in thousand UAH**

Indicators	Actual figure			Absolute deviation		Growth rate, %	
	2015	2016	2017	2016/ 2015	2017/ 2016	2016/ 2015	2017/ 2016
Accounts receivable	6 063	7 474	6 528	1 411	- 946	23,3	- 12,7



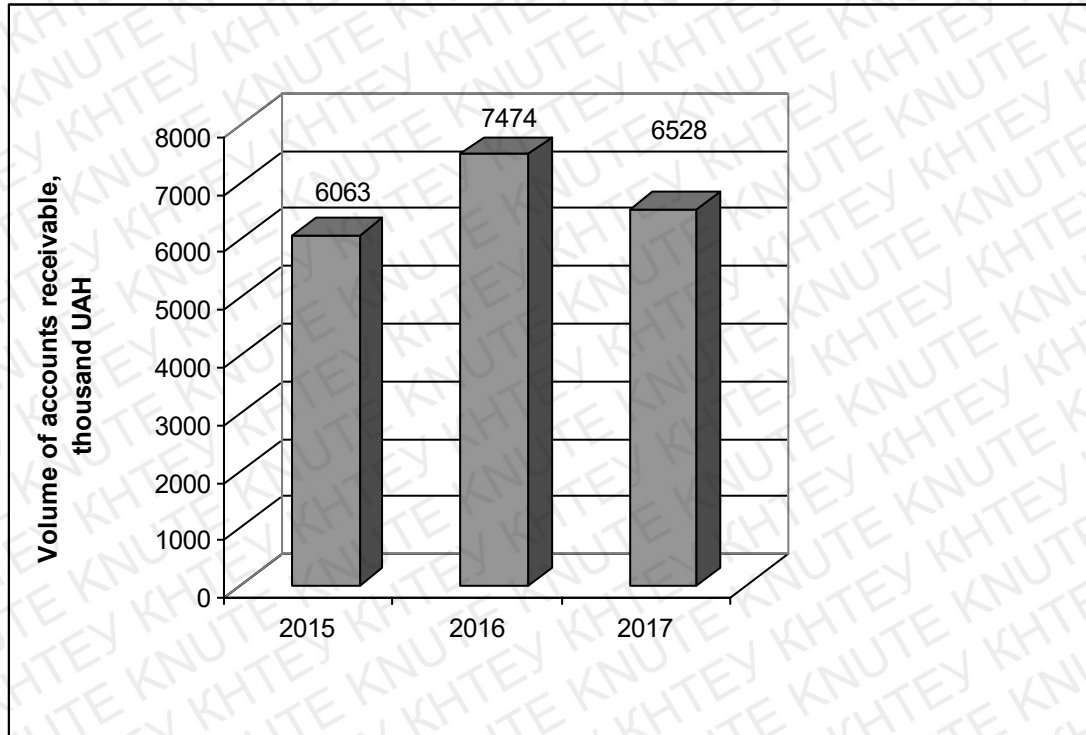


Fig. 2.5. The dynamics of volume of accounts receivable of the LLC «Retail Trand» for 2015-2017, in thousand UAH

For the period of 2015-2017 there is a tendency to increasing and decreasing of the amount of receivables of in LLC «Retail Trand», increased by 1411 thousand UAH in 2016 and decreased by 946 thousand UAH in 2017.

The existence of overdue debts creates some difficulties, as the company will lack the financial resources to purchase inventories, pay wages, etc. In addition, freezing of funds leads to a slowdown in capital.

The withdrawal of funds in the accounts receivable leads to financial complications, the company will suffer from a lack of funds for the purchase of inventories, payroll, settlements with the budget, borrowers.

Therefore, each company should be interested in reducing the deadlines for repayment of payments by improving settlements, timely processing of settlement documents, prepayment, introduction of billing forms of settlements, etc.

For a detailed analysis of receivables it is necessary to operate data on the composition and structure of accounts receivable, its share in the amount of current

assets, indicators of quality and liquidity, debt on financial results of the enterprise, search for ways to accelerate the turnover of accounts receivable.

If the company expands its activities, then the number of buyers, value and receivables are increasing. On the other hand, the company may reduce the sale of products, then accounts receivable will decrease. Consequently, the growth of accounts receivable is not always evaluated negatively. In this regard, it is necessary to distinguish between normal and overdue debts.

Table 2.6.

**The dynamics of volume of inventories of the LLC «Retail Trand»  
for 2015-2017, in thousand UAH**

Indicators	Actual figure			Absolute deviation		Growth rate, %	
	2015	2016	2017	2016/ 2015	2017/ 2016	2016/ 2015	2017/ 2016
Inventories	13 365	16 786	21 864	3 421	5 078	25,6	30,3

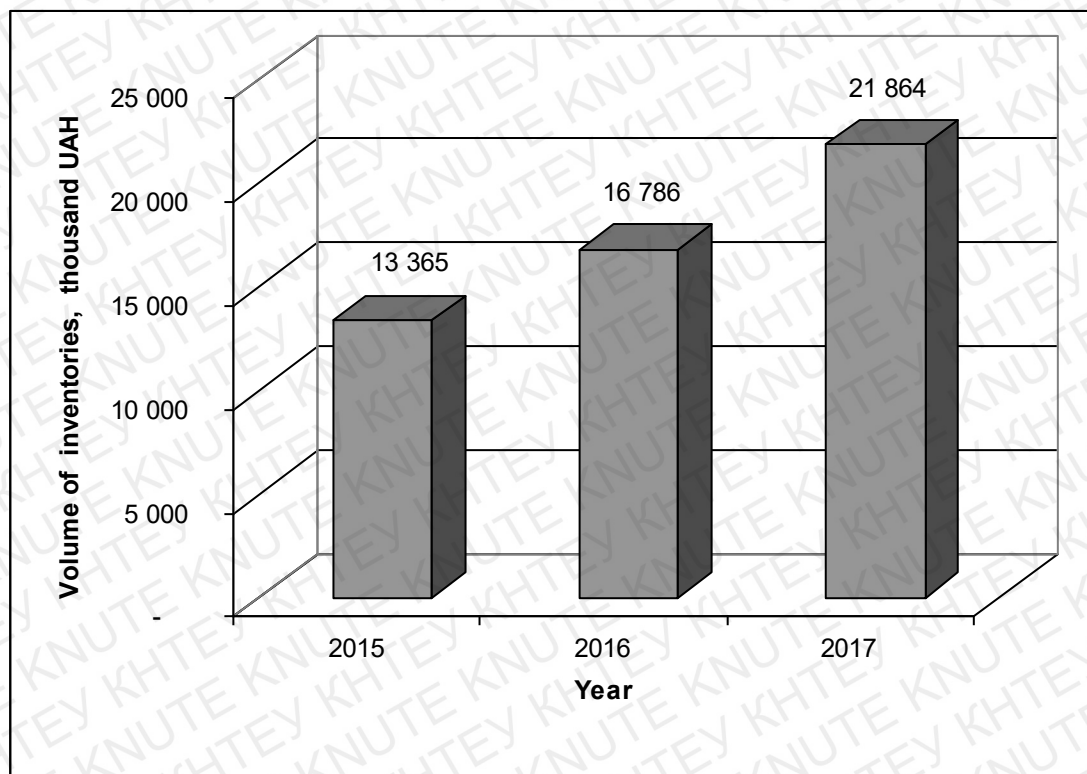


Fig. 2.6. The dynamics of volume of inventories of the LLC «Retail Trand» for 2015-2017, in thousand UAH

Certain influence on the financial condition of the enterprise has the state of inventories. In order for production and sales of products to meet normal conditions, inventories should be in optimal amount optimal.

Accumulation of reserves above the norm indicates a decline in activity of the enterprise, slowing down the turnover of working capital. At the same time, an insufficient amount of stocks also negatively affects the financial position of the enterprise, as production is reduced, and the amount of profit is reduced. In other words, any increase in stock prices should be accompanied by the same (or higher) growth in working capital turnover [17].

During the period of 2015-2017 total volume of inventories increased by 3421 thousand UAH in 2016 or by 25,6 % and also increased by 5078 thousand UAH or by 30,3% in 2017.

An increasing in the value of inventories is positive only if there is no decline in inventory turnover. Otherwise it is a negative change.



## **2.2 Dynamics of volumes and structure of sources of current assets financing of enterprise**

While analyzing the structure of sources of financing of current assets of the enterprise LLC «Retail Trand» for 2015-2017 we need to consider correlation between borrowed capital and equity.

Capital is the funds held by an entity to carry out its activities for the purpose of profit.

The capital of the company is formed both at the expense of its own (internal) and external debt sources.

The main source of financing is equity. Its composition includes authorized capital, accumulated capital (reserve and added capital, accumulation fund, retained earnings) and other receipts (targeted financing, charitable revenues). The borrowed capital of an organization is determined by the aggregate amount of its liabilities to other legal entities and individuals.

At present there are various modifications to such a concept as "borrowed funds". First of all, this is due to the peculiarities of their use. But despite the difference in wording, the very essence of the concept remains unchanged.

So, borrowed capital is defined as:

- the borrowed amount of funds in the credit and banking sector with the subsequent return after use and payment of the corresponding interest on the contracts;
- money transferred to the enterprise by a third party for its activity and profit;
- part of the value of the property of the organization acquired due to the obligation to return the supplier, bank, other lender money or value equivalent to the value of such property.

These definitions combine the fact that the borrowed capital used by the enterprise characterizes in aggregate the volume of its financial obligations (total

debt). Since an obligation, a future payment of assets or services, one of the most important moments is to determine the date of their repayment.

Obligations must be paid on time and in full, in the process of economic activity of the organization.

Long-term borrowings are loans and loans received by the organization for a period of more than one year, the maturity of which occurs no earlier than a year. Short-term borrowings are liabilities whose maturity does not exceed one year. Among these, one should distinguish current payables arising from commercial and other current transactions. It includes:

- 1) debt of wages and salaries;
- 2) debt of the budget and extra budgetary funds;
- 3) advances received (prepayment of orders and products);
- 4) debt to suppliers and others.

Table 2.7.

**The correlation between equity and borrowed capital of the LLC  
«Retail Trand» for 2015-2017, in thousand UAH**

Year	2015	2016	2017
Equity	19 101	17 971	18 002
Borrowed capital	54 981	68 016	89 494

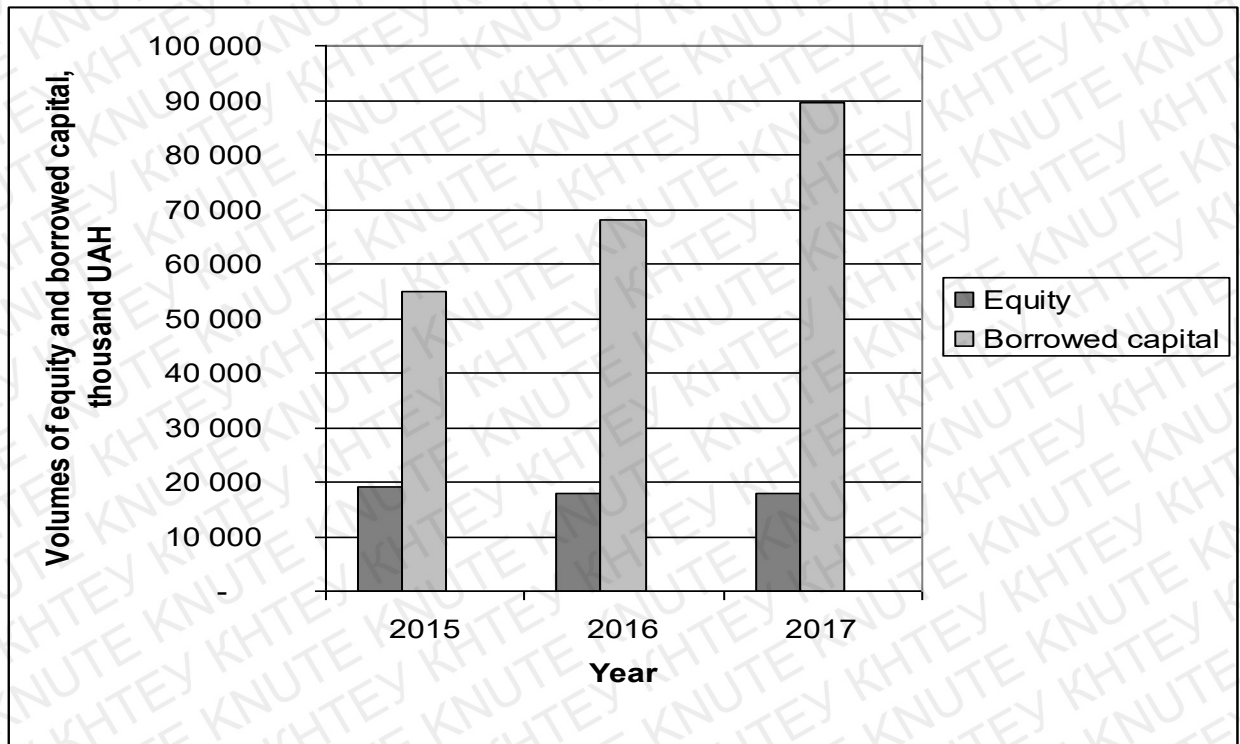


Fig. 2.7. The correlation between equity and borrowed capital of the LLC «Retail Trand» for 2015-2017, in thousand UAH

The correlation between borrowed capital and equity. As well as the above ratios, this indicator gives the most general assessment of financial sustainability of the enterprise. It is calculated by the formula:

The correlation between equity and borrowed capital = borrowed capital / equity.

This indicator of LLC «Retail Trand» for 2015-2017 is 2,88 in 2015; 3,78 in 2016 and 4,97 in 2017.

This indicator has a fairly simple interpretation: its value what is for example 3,78 means that for every 1 UAH of own funds invested in the assets of the enterprise amounts to 378 of kopecks of borrowed funds. The growth of the indicator in the dynamics indicates an increase in the dependence of the company from investors and creditors that is on a certain decline in financial stability and inversely.



Table 2.8.

**The correlation between equity and borrowed capital of the LLC  
«Retail Trand» for 2015-2017**

Year	2015	2016	2017
The correlation between equity and borrowed capital, %	2,88	3,78	4,97

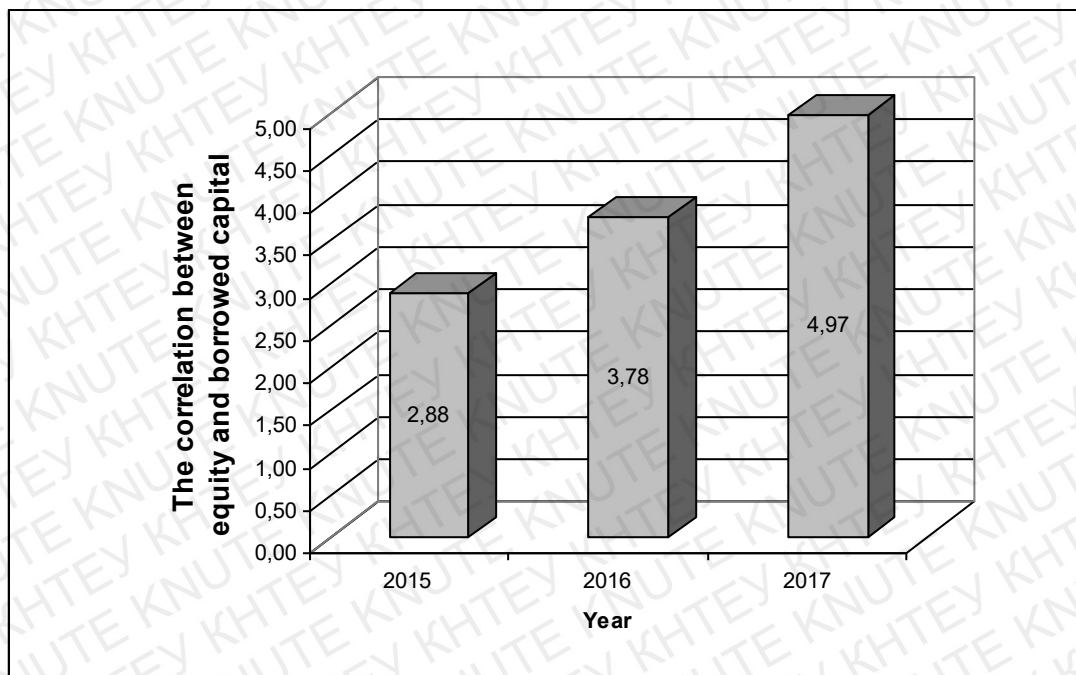


Fig. 2.8. The correlation between equity and borrowed capital of the LLC  
«Retail Trand» for 2015-2017

Table 2.9.

**Structure of own sources of financing of current assets of LLC «Retail  
Trand» for 2015-2017, in thousand UAH**

Year	2015	2016	2017
Registered capital	2 000	2 000	2 000
Accumulated profit	17 101	15 971	16 002
Total of own sources of financing of current assets	21 101	17 971	18 002

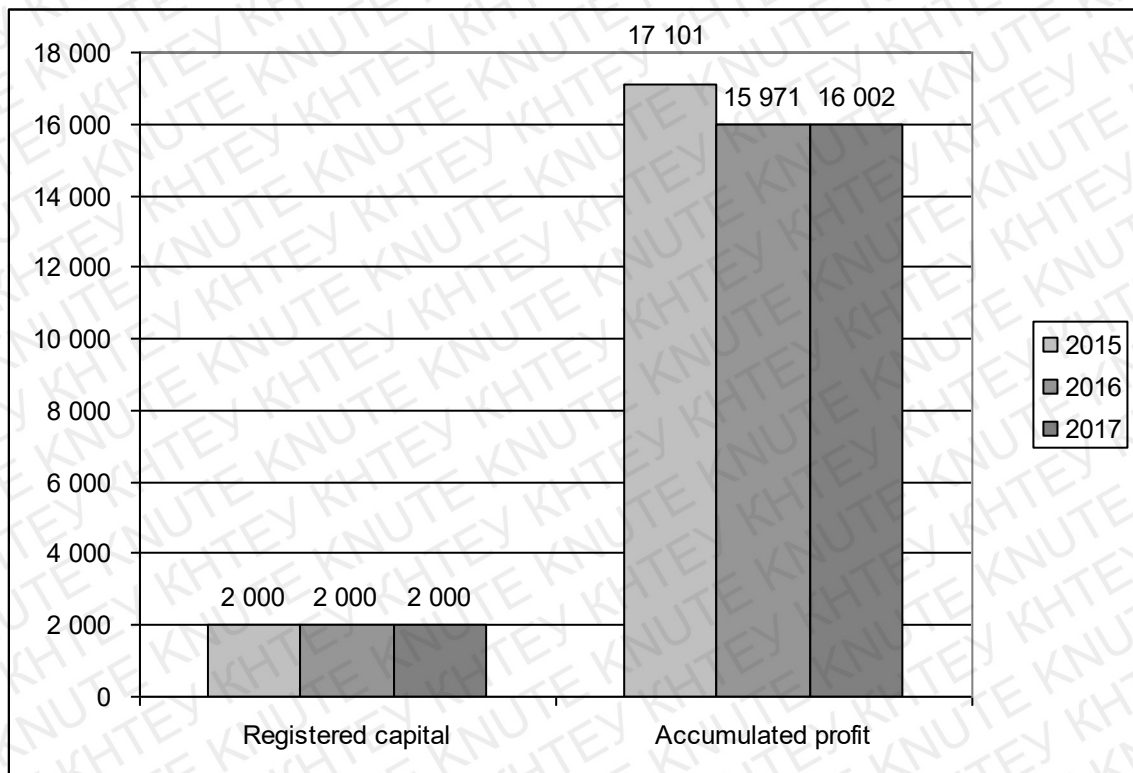


Fig. 2.9. The dynamics of structure of own sources of financing of current assets of LLC «Retail Trand» for 2015-2017, in thousand UAH

Through the analyzing of the structure of own sources of financing of current assets of the LLC «Retail Trand» for 2015-2017 we can make the following conclusions:

- the most significant weight in the structure of own sources of financing of current assets take the accumulated profit;
- the amount of the registered capital is the same for 2015-2017;
- the additional capital was not presented in general
- the volume of accumulated profit decreased by 1130 thousand UAH in 2016 and increased slightly by 31 thousand UAH in 2017.

Consequently, the reduction of the authorized capital is a rather negative phenomenon in the activities of economic entities.

Analysis of accumulated profit shows:

- changes (increase or decrease) of its share in the amount of own capital, since the change in this value characterizes the business activity of the organization;
- directing part of the profit to the formation of funds (in accordance with the constituent documents and accounting policy), covering losses of previous years, payment of dividends.

### **2.3 Estimation of the level of optimization efficiency of current assets of enterprise**

Current assets of multi-sector enterprises of the country are significant part of their assets. Therefore, rational and economical using of working capital of business entities is remarkable economic value. To assess the efficiency of management of current assets enterprises use certain indicators, and in order to increase efficiency is appropriate specific measures.

To analyse the efficiency of using of working capital it is necessary to assess the availability of current assets in the enterprise, their surplus or a marriage.

After all, for the most effective and profitable activity each an enterprise must ensure the availability of working capital in the amount what the company needs, so that there is no problem with their lack of and at the same time so that they would not be in excess.

1. In Table 2.10. we made calculations of indicators of current assets turnover of LLC «Retail Trand». During calculations, the number of days in the period adopted to  $N = 360$ , the turnover was rounded off to the whole number of days.



Table 2.10.

**Calculations of indicators (thousand UAH) and ratios (in times) of current assets turnover of LLC «Retail Trand» for 2016-2017**

Indicators	2016	2017	Absolute deviation
Net proceeds from sales	41 687,00	38 834,00	- 2 853,00
Average amount of current assets	36 062,00	56 815,00	20 753,00
Prime cost of product sold	2 764,00	1 727,00	- 1 037,00
Inventories	3 114,00	8 372,00	5 258,00
Accounts receivables	7 474,00	6 528,00	- 946,00
Ratio of current assets turnover	1,16	0,68	- 0,47
Ratio of inventory turnover	0,89	0,21	- 0,68
Ratio of accounts receivables turnover	5,58	5,95	0,37
Period of current assets turnover, days	100	157	57

Due to these calculations and result that we received we can make some conclusions:

1) during 2016 current assets made 1 full turnover, in 2017 this figure decreased to 0,68 and this mean that period of turnover of current assets increased and current assets didn't make 1 full turnover.

Reducing the turnover rate from 1,16 to 0,68 indicates that the company's output is reduced by 1 UAH working capital or that for the same volume of production is required to spend a larger amount of current assets.

There is a decrease in the efficiency of the use of working capital, the possibilities of production of additional products are reduced because of the manufacture units of production need more working capital;

2) period of current assets turnover that was 100 days in 2016 increased by 57 to 157 days in 2017 and this is not good factor because slowdown in current assets turnover does not allow releasing significant amounts and not increase production without additional financial resources;

3) the ratio of inventory turnover decreased from 1,16 in 2016 to 0,68 in 2017; such dynamics is positive, since it shows an decreasing in the time of commodity-material values transform into finished products;

4) positive trend is increasing of ratio of accounts receivables turnover, from 5,58 in 2016 to 5,95 in 2017.

The main ways to accelerate the turnover of assets:

- reduction of the duration of the operating cycle through increased productivity, the use of advanced technologies, more complete and efficient use of labor and material resources;

- improvement of the organization of material and technical supply with the purpose of uninterrupted provision of operational activities with the necessary material resources and shortening the time spent in the capital stock;

- acceleration of the process of shipment of products, sales of goods and clearance of settlement documents;

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

- raising the level of marketing research aimed at accelerating the progress of finished products (goods, works, services).

2. In Table 2.11. we made calculations of ratio of current assets capacity of LLC «Retail Trand».

The ratio of current assets capacity (R c.a.cap.) is calculated by the formula:

$$\text{R c.a.cap.} = \text{CA aver.} / \text{PS} \quad (1.6),$$

where: -PS - proceeds from sales of products (goods, services);

- CA aver - average amount of current assets.

**Calculations of ratio of current assets capacity of LLC «Retail Trand»  
for 2016-2017**

Indicators	2016	2017
Proceeds from sales of products, thousand UAH	41 687,00	38 834,00
Average amount of current assets, thousand UAH	36 062,00	56 815,00
Ratio of current assets capacity	0,86	1,46

This is the reverse indicator to current assets turnover ratio. This is the amount of current assets advanced to 1 UAH proceeds from sales, for example in 2016 0,86 kopecks were advanced to 1 UAH proceeds from sales. The lower indicator is, the more effective the current assets are used.

The best index of ratio of current assets capacity of LLC «Retail Trand» is in 2016. During the period of 2016-2017 there is a trend to increasing of the ratio.

3. In Table 2.12. we made calculations of profitability ratio of LLC «Retail Trand».

Profitability ratio (also can be named as ROI – return on investments) of current assets is an indicator of the efficiency of the use of funds, which is widely used in world practice, is the rate of return, which is the ratio of profit to the capital invested in obtaining this profit. The ratio of profitability is used also at enterprises in Ukraine. Comparing the profitability ratios of enterprises, you can choose alternative ways to use capital.

The ratio also characterizes the effectiveness of management of financial investments and indirectly - the experience and competence of management. Since the amount of the income tax on ordinary activities is determined by the rules established by the state and does not depend on the particular enterprise, the most correct calculation of the ratio is the use of the profit from operational activity before taxation.

The profitability ratio (ROI) is calculated by the formula:

$$\text{ROI} = \text{Profit} / \text{Investments.}$$



### Calculations of profitability ratio of LLC «Retail Trand» for 2016-2017

Indicators	2016	2017
Profit, thousand UAH	1 405,00	939,00
Investment, thousand UAH	3 000,00	3 000,00
Profitability ratio	0,47	0,31

The profitability ratio of LLC «Retail Trand» for 2016-2017 has a dynamics to decrease, from 0,47 in 2016 to 0,37 in 2017.

Additionally, the profit should include compensation for interest on long-term liabilities, as interest rates are also set outside the enterprise.

The profitability ratio shows the effectiveness of management, because it is a kind of indicator of its quality, and also indicates the ability of the enterprise (or inability) to earn enough return on investment. This indicator is important for forecasting profits, since it relates the profit that the company plans to receive, with the total invested capital.

So, we need to say that the profit on assets is the most generalized indicator of profitability. This indicator measures the return on all assets entrusted to the administration of the enterprise.

4. In Table 2.13. we made calculations of The length of one turnover of current assets of LLC «Retail Trand».

This is the average time (in days) for which its investment in current assets returns to the company in the form of proceeds from sales. The length of one turnover of current assets (Lt.) shows the duration of one turnover of current assets in days and is calculated by the formula:

$$Lt. = P / Rcat \quad (1.8),$$

where: - P - period (days),

- Rcat - ratio of current assets turnover.

**Calculations of the length of one turnover of current assets  
of LLC «Retail Trand» for 2016-2017**

Indicators	2016	2017
Period, days	360,00	360,00
Ratio of current assets turnover	1,16	0,68
The length of one turnover, days	310	529

According to the analysis we see negative tendency of the increasing of the length of one turnover of current assets, from 310 days in 2016 to 529 days in 2017. One of main ways to decrease the index of length of one turnover of current assets could be improvement of current assets turnover ratio. The acceleration of turnover of current assets can be estimated by their absolute and relative release from turnover.

5. In Table 2.13. we made calculations of the material capacity of the products ratio of LLC «Retail Trand».

This indicator describes the level of use of material current assets and shows how much financial resources used in the production per one unit of goods.

The total material capacity depends on the volume of produced products, its structure, cost of materials per unit of production, prices for material resources and for products. The material capacity of the products ratio is calculated by the formula: material capacity = Financial costs / Gross product.

Table 2.14.

**Calculations of the material capacity ratio  
of LLC «Retail Trand» for 2016-2017**

Indicators	2016	2017
Financial costs, thousand UAH	531,00	565,00
Gross product, thousand UAH	13 672,00	13 792,00
Material capacity ratio	0,039	0,041

The material capacity ratio of LLC «Retail Trand» for 2016-2017 has a dynamics to increase, from 0,039 in 2016 to 0,041 in 2017.

In the process of analysis, the actual level of performance indicators for using materials is compared with the plans, studying their dynamics and the causes of change.

As a result, the total material capacity depends on the volume of produced products, its structure, costs of materials per unit of production, prices for material resources and for products.



### SECTION 3

## DIRECTIONS OF DEVELOPMENT OF SOURCES OPTIMIZATION OF CURRENT ASSETS FINANCING OF LLC «RETAIL TRAND»

### 3.1 Estimation of volumes and structure of current assets of enterprise in the planned period

The financial condition of the company depends on the rational formation and rational structure of current assets and is one of the first indicators that shows the weaknesses, the risk of appearing of many threats to the enterprise.

The main purpose of the analysis of current assets is to assess the effectiveness of their use and optimize the structure, that is, the establishment of optimal proportions between components.

The planned period for this enterprise is 2018 year.

We evaluate the volumes and structure of current assets of LLC "Retail Trand" in the planned period, taking into account the dynamics for 2015-2018 (Table 3.1).

**Table 3.1.**

### Evaluation of dynamics of volumes and structure of current assets of LLC "Retail Trand" for 2015-2018, in thousand UAH

Indicators	Actual figure			Absolute deviation		Growth rate, %		Average growth rate, %	Planned figure	Absolute deviation
	2015	2016	2017	2016/2015	2017/2016	2016/2015	2017/2016		2018	2018/2017
Inventories	13 365	16 786	21 864	3 421	5 078	25,6	30,3	27,9	27 969	6 105
Accounts receivable	6 063	7 474	6 528	1 411	- 946	23,3	- 12,7	5,3	6 874	346
Other current assets	1 613	1 086	1 058	- 527	- 28	- 32,7	- 2,6	- 17,6	872	- 186
<b>Total current assets</b>	<b>21 041</b>	<b>25 346</b>	<b>29 450</b>	<b>4 305</b>	<b>4 104</b>	<b>20,5</b>	<b>16,2</b>	<b>18,3</b>	<b>35 715</b>	<b>6 265</b>

While analyzing the dynamics of the main items of current assets of LLC «Retail Trand» over the last three years (2015-2017), we can make a conclusion that the volume of current assets of the enterprise increased from 25 346 thousand UAH in 2016 up to 29 450 thousand UAH by the end of 2017 or by 16,2%, and due to average growth rate of previous years we predict that in planned period index of total current assets will increase on 6 265 thousand UAH or by 18,3% in 2018.

These changes are mainly related to an increasing in the amount of inventories, and increasing and decreasing in the amount of accounts receivable and other current assets (Table 3.1). This could be considered a positive trend.

We predict that index of inventories in 2018 will increase by 6 105 thousand UAH or by 27,9%.

Taking into account that in 2016, the enterprise has a situation of increasing in the absolute amount of accounts receivable by 1 411 thousand UAH or 23,3%; and in 2017, respectively, an insignificant decrease of 946 thousand UAH or 12.7%, we predict that in 2018 the index of accounts receivable increase by 346 thousand UAH or by 5,3%.

Growth of accounts receivable due to increased demand for products of the company, an increase in the volume of commodity loans, is evaluated positively, as it indicates an increase in the efficiency of the use of current assets.

But if the growth in debt is due to inefficient credit policies, the wrong choice of partners, the lack of assessment of their creditworthiness, financial status, this indicates the withdrawal of assets in circulation and will inevitably lead to deterioration of financial stability, solvency, increases the risk of bankruptcy [27].

Current financial investments for the entire period were absent.

The determined evaluation of dynamics of the company's current assets has influenced on the formation of their structure (Fig. 3.1).

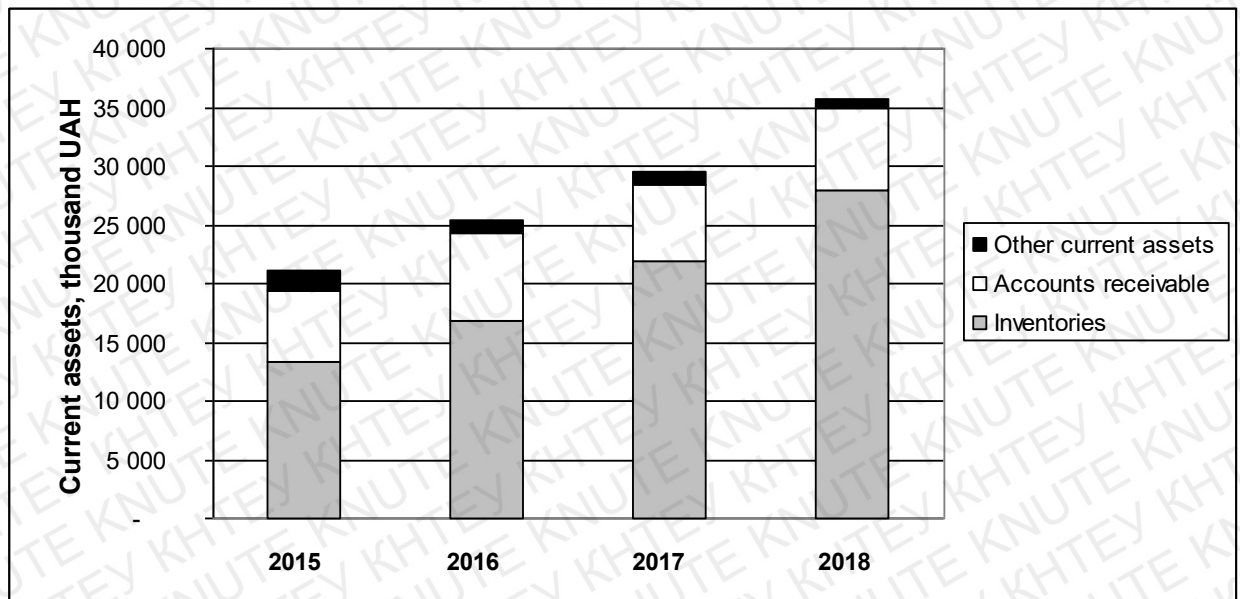


Fig. 3.1. Dynamics of main items of current assets of LLC «Retail Trand» for 2015-2018, in thousand UAH

The figure shows that the largest share in current assets during planned period is presented by inventories.

So, during the 2015-2018, significant changes were made in the composition and structure of the current assets of the LLC «Retail Trand». A significant part of the volumes will consistently hold by inventories. Also, accounts receivable consistently occupy a smaller share in the structure of current assets, the smallest – other current assets.

We evaluate the dynamics of the total volume of current assets of LLC "Retail Trand" for 2015-2018(Table 3.2).

Table 3.2.

**The dynamics of the total volume of current assets  
LLC «Retail Trand» for 2015-2018, in thousand UAH**

Indicators	Actual figure			Absolute deviation		Growth rate, %		Average growth rate, %	Planned figure	Absolute deviation
	2015	2016	2017	2016/2015	2017/2016	2016/2015	2017/2016		2018	2018/2017
Total current assets	21 041	25 346	29 450	4 305	4 104	20,5	16,2	18,3	35 715	6 265



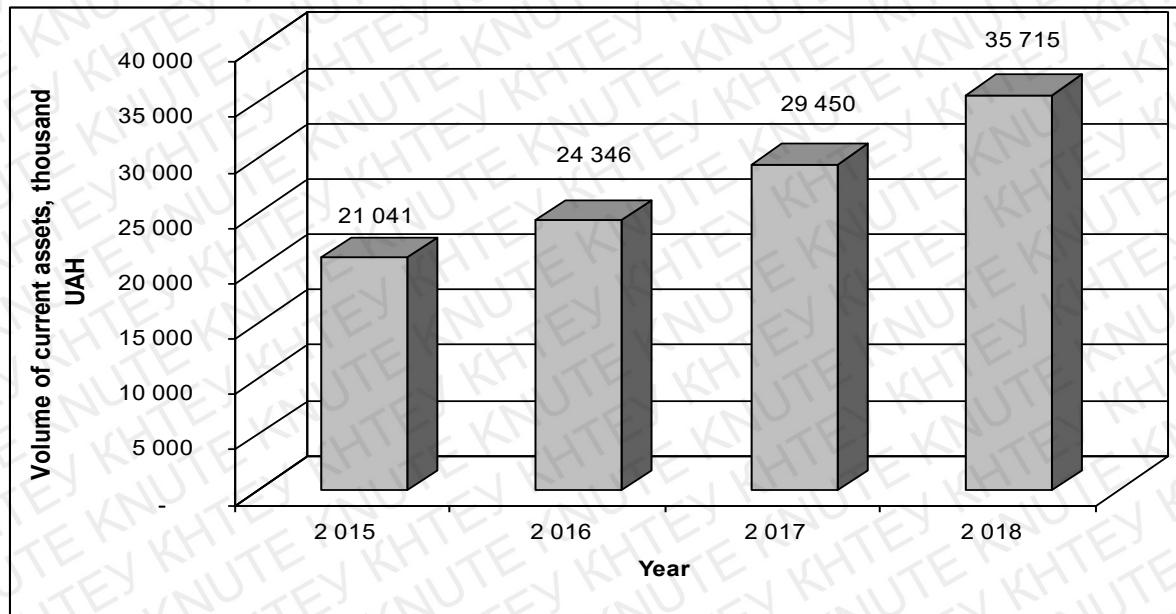


Fig. 3.2. The dynamics of the total volume of current assets LLC «Retail Trand» for 2015-2018, in thousand UAH

Due to average growth rate of previous years we predict that in planned period index of total current assets will increase on 6 265 thousand UAH or by 18,3% in 2018. We see the tendency to increasing of current assets from year to year and we can admit it like positive trend.

We evaluate the dynamics of the specific weight of current assets of LLC "Retail Trand" in the total amount of assets for 2015-2018 (Table 3.3).

Table 3.3.

**Dynamics of the specific weight of current assets of LLC «Retail Trand» in the total amount of assets for 2015-2018**

Indicators	Actual figure			Growth rate, %		Average growth rate, %	Planned figure 2018
	2015	2016	2017	2016/2015	2017/2016		
Volume of assets, thousand UAH	37 933	52 089	73 529	37,3	41,2	39,2	102 381
Volume of current assets, thousand UAH	21 041	25 346	29 450	20,5	16,2	18,3	34 847
Specific weight of current assets, %	55,5%	48,7%	40,1%	X	X	X	34,0%

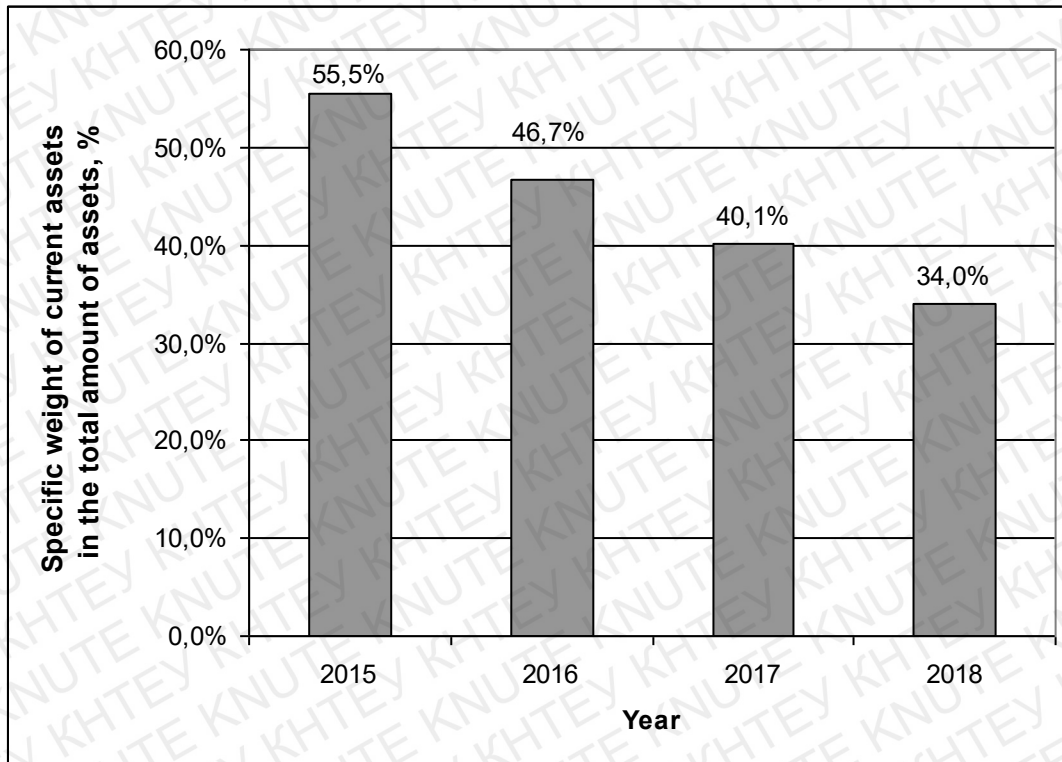


Fig. 3.3. Dynamics of the specific weight of current assets of LLC «Retail Trand» in the total amount of assets for 2015-2018, in %

The specific weight of current assets of LLC «Retail Trand» in the total amount of assets for 2015-2017 had a tendency to decreasing from year to year and was 55.47 % in 2015, 46.74 % in 2016 and 40.05 % in 2017 and due to average growth rate of previous years we predict that in planned period index specific weight of current assets will decrease by 5,9% in 2018. The reason for these changes is increasing of amount of non-current assets in total amount of assets of LLC «Retail Trand» in 2015-2018.

We evaluate the dynamics of volume of accounts receivable of LLC "Retail Trand" for 2015-2018, in thousand UAH (Table 3.4).

Table 3.4.

**The volume of accounts receivable of the LLC «Retail Trand»  
for 2015-2018, in thousand UAH**

Year	2015	2016	2017	2018
Volume of accounts receivable	6 063	7 474	6 528	6 874

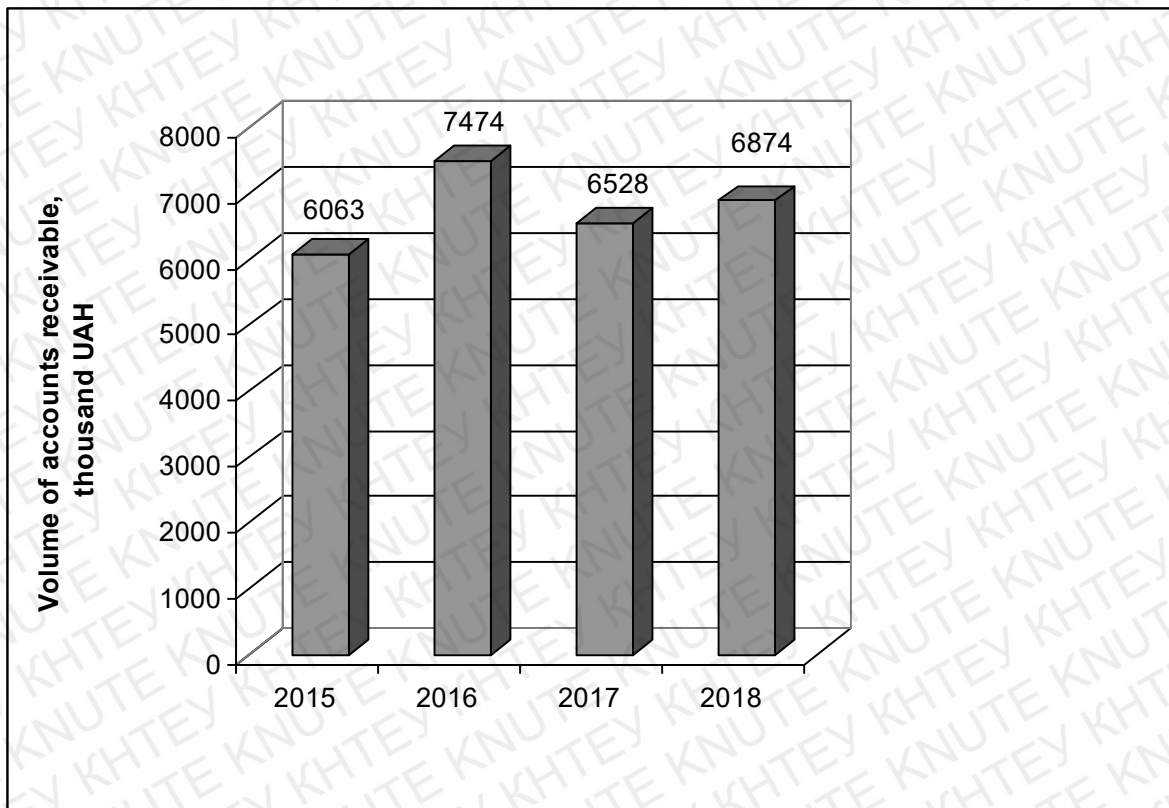


Fig. 3.4. The volume of accounts receivable of the LLC «Retail Trand» for 2015-2018, in thousand UAH

For the period of 2015-2017 there is a tendency to increasing and decreasing of the amount of receivables of in LLC «Retail Trand», increased by 1411 thousand UAH in 2016 and decreased by 946 thousand UAH in 2017. Due to average growth rate of previous years we predict that in planned period index of volume of accounts receivable will increase by 5,3% in 2018.

The existence of accounts receivable creates some difficulties, as the company will lack the financial resources to purchase inventories, pay wages, etc. In addition, freezing of funds leads to a slowdown in capital.

Therefore, each company should be interested in reducing the deadlines for repayment of payments by improving settlements, timely processing of settlement documents, prepayment, introduction of billing forms of settlements, etc.

For a detailed analysis of receivables it is necessary to operate data on the composition and structure of accounts receivable, its share in the amount of current



assets, indicators of quality and liquidity, debt on financial results of the enterprise, search for ways to accelerate the turnover of accounts receivable.

If the company expands its activities, then the number of buyers, value and receivables are increasing. On the other hand, the company may reduce the sale of products, then accounts receivable will decrease. Consequently, the growth of accounts receivable is not always evaluated negatively. In this regard, it is necessary to distinguish between normal and overdue debts.

We evaluate the dynamics of volume of inventories of LLC "Retail Trand" for 2015-2018, in thousand UAH (Table 3.5).

Table 3.5.

**The volume of inventories of the LLC «Retail Trand»  
for 2015-2018, in thousand UAH**

Year	2015	2016	2017	2018
Volume of inventories	13 365	16 786	21 864	27 969

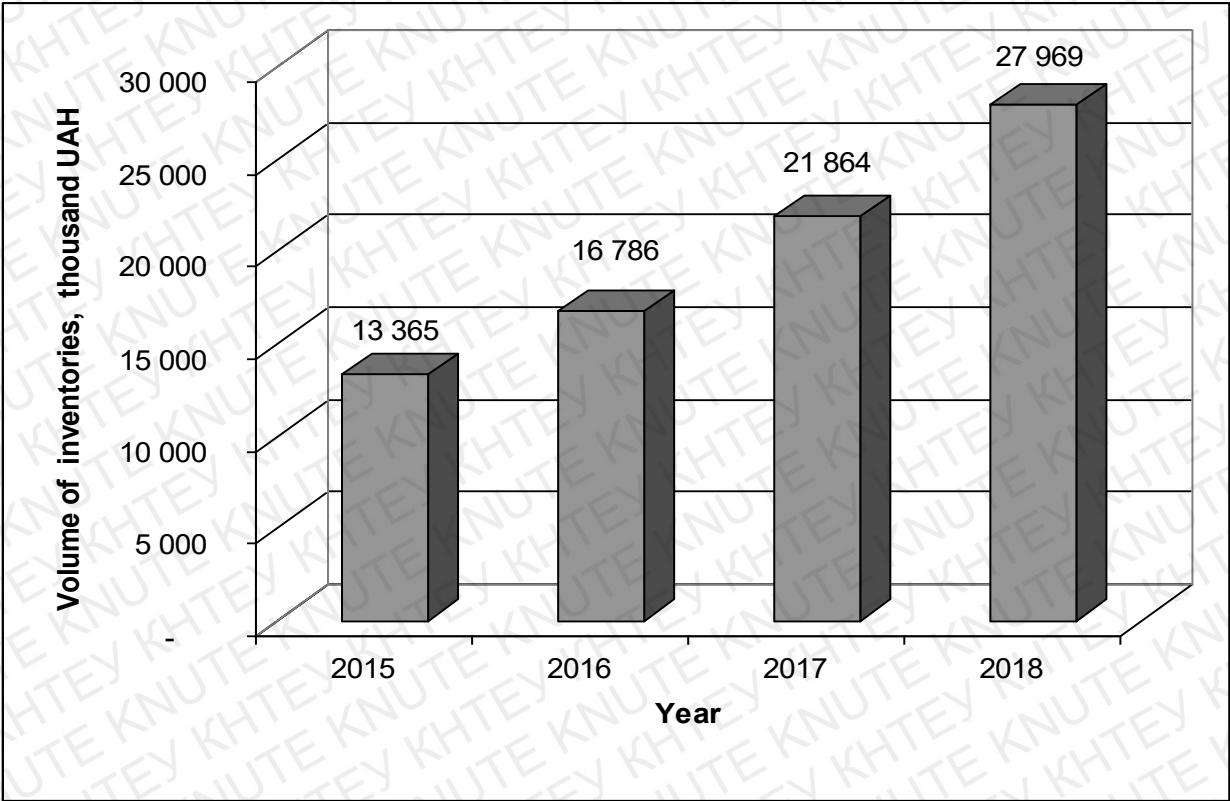


Fig. 3.5. The dynamics of volume of inventories of the LLC «Retail Trand» for 2015-2018, in thousand UAH

During the period of 2015-2017 total volume of inventories increased by 3421 thousand UAH in 2016 or by 25,6 % and also increased by 5078 thousand UAH or by 30,3% in 2017. In according to average growth rate of previous years we predict that in planned period index of volume of inventories of the LLC «Retail Trand» will increase by 6105 thousand UAH or 27.9% in 2018 planned year.

Certain influence on the financial condition of the enterprise has the state of inventories. In order for production and sales of products to meet normal conditions, inventories should be in optimal amount optimal.

Accumulation of reserves above the norm indicates a decline in activity of the enterprise, slowing down the turnover of current assets. At the same time, an insufficient amount of stocks also negatively affects the financial position of the enterprise, as production is reduced, and the amount of profit is reduced. In other words, any increase in stock prices should be accompanied by the same (or higher) growth in current assets turnover.

An increasing in the value of inventories is positive only if there is no decline in inventory turnover. Otherwise it is a negative change.

### 3.2 Forecasting of volumes and structure of financing of current assets of enterprise

From the correlation of own and borrowed capital which enterprise uses in the process of investing in current assets dependst he financial stability and profitability of its activity. Lack of financing sources can affect on continuity activities of the enterprise and cause a reduction of the volume of production. So the researching of sources of financing of current assets on enterprises is a very actual topic.

While analyzing the structure of sources of financing of current assets of the enterprise LLC «Retail Trand» for 2015-2017 we need to consider correlation between borrowed capital and equity and make a prediction about its volumes in 2018 planned year (Table 3.6).

Table 3.6.

#### The correlation between equity and borrowed capital of the LLC «Retail Trand» for 2015-2018, in thousand UAH

Indicators	Actual figure			Absolute deviation		Growth rate, %		Average growth rate, %	Planned figure
	2015	2016	2017	2016/2015	2017/2016	2016/2015	2017/2016		2018
Equity	19 101	17 971	18 002	- 1 130	31	- 5,9	0,2	- 2,9	17 485
Borrowed capital	54 981	68 016	89 494	13 035	21 478	23,7	31,6	27,6	114 233



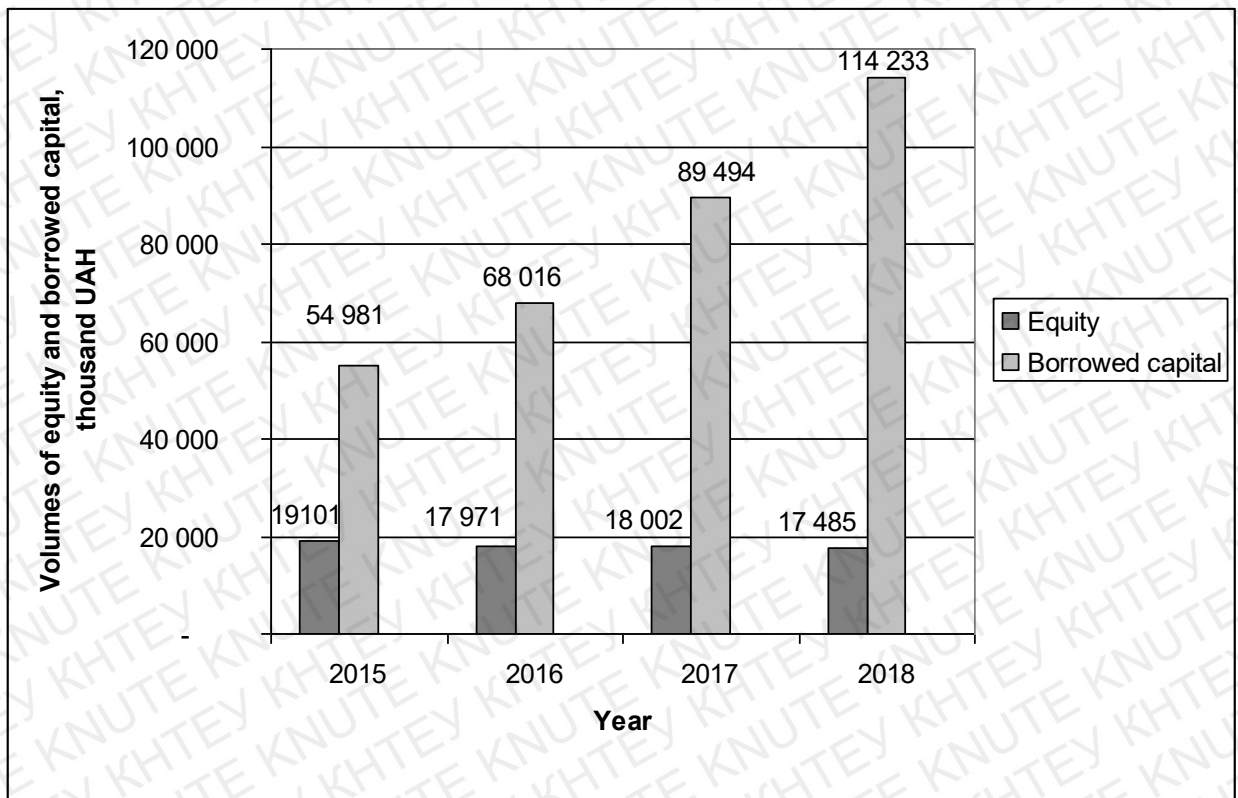


Fig.3.6. The correlation between equity and borrowed capital of the LLC «Retail Trand» for 2015-2018, in thousand UAH

In according to average growth rate of previous years we predict that in planned period index of volume of equity will decrease to 17 485 thousand UAH and index of volume of borrowed capital of the LLC «Retail Trand» will increase to 114 233 thousand UAH.

We calculate the correlation between borrowed capital and equity of the LLC «Retail Trand» for 2015-2018, in % (Table 3.7).

Table 3.7.

**The correlation between equity and borrowed capital of the LLC «Retail Trand» for 2015-2018, in %**

Year	2015	2016	2017	2018
The correlation between equity and borrowed capital, %	2,88	3,78	4,97	6,53

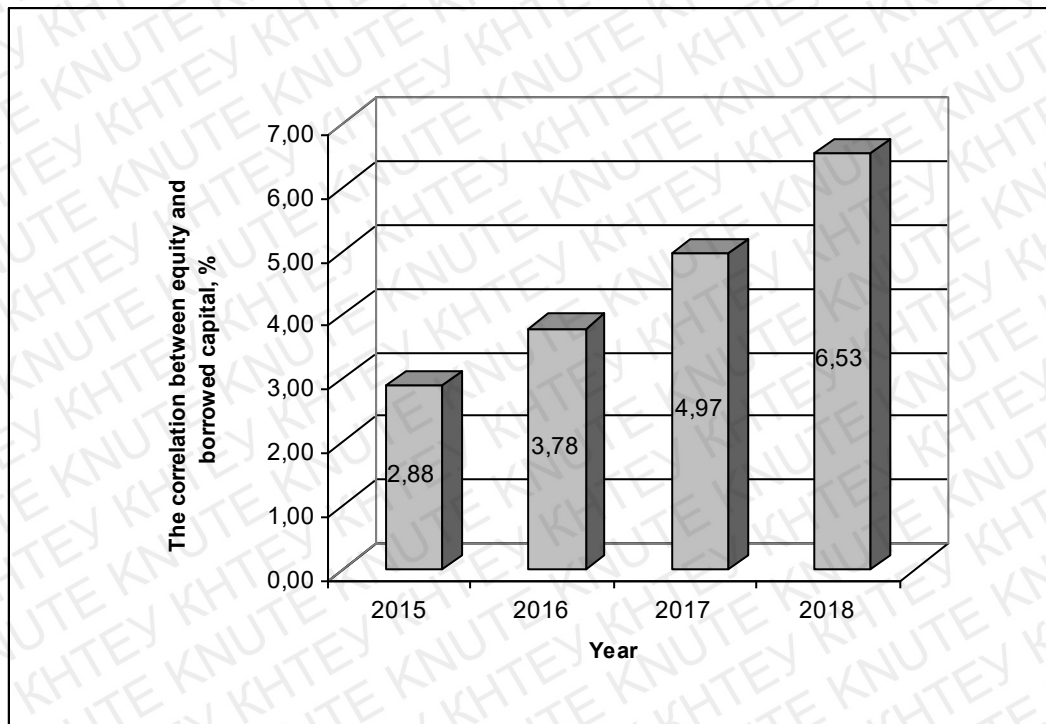


Fig. 3.7. The correlation between equity and borrowed capital of the LLC «Retail Trand» for 2015-2018, in %

This indicators of LLC «Retail Trand» for 2015-2018 are 2,88 in 2015; 3,78 in 2016 and 4,97 in 2017 and according to average growth rate of previous years we predict that in planned period this index is 6,53.

This indicator has a fairly simple interpretation: its value that is for example 6,53 means that for every 1 UAH of own funds invested in the assets of the enterprise amounts to 653 of kopecks of borrowed funds. The growth of the indicator in the dynamics indicates an increase in the dependence of the company from investors and creditors that is on a certain decline in financial stability and inversely.

We forecaste of the structure of own sources of financing of current assets of LLC «Retail Trand» for 2015-2018, in thousand UAH (Table 3.8).

Table 3.8.

**Forecast of the structure of own sources of financing of current assets of  
LLC «Retail Trand» for 2015-2018, in thousand UAH**

Indicators	Actual figure			Absolute deviation		Growth rate, %		Average growth rate, %	Planned figure
	2015	2016	2017	2016/ 2015	2017/ 2016	2016/ 2015	2017/ 2016		2018
Registered capital	2 000	2 000	2 000	-	-	-	-	-	2 000
Accumulated profit	17 101	15 971	16 002	-1 130	31	- 6,6	0,2	- 3,2	15 489
Total of own sources of financing of current assets	19 101	17 971	18 002	-1 130	31	- 5,9	0,2	- 2,9	17 485

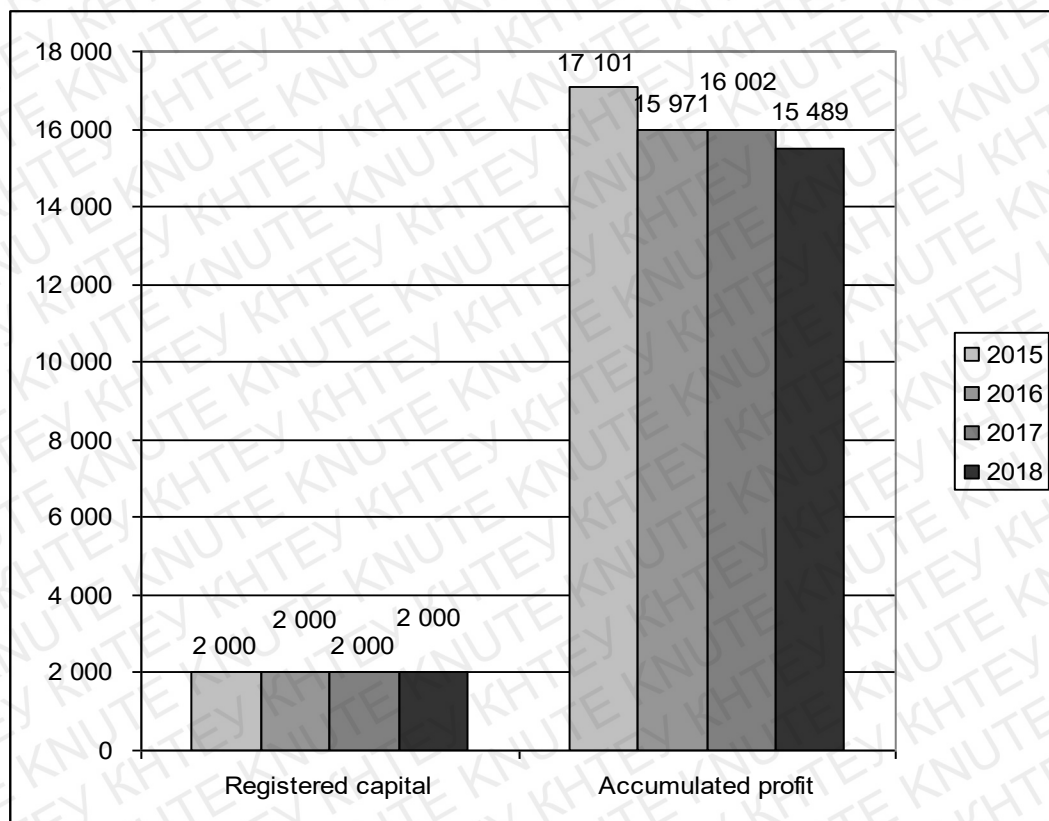


Fig. 3.8. The dynamics of structure of own sources of financing of current assets of LLC «Retail Trand» for 2015-2018, in thousand UAH



Through the analysis of the structure of own sources of financing of current assets of the LLC «Retail Trand» for 2015-2018 we can make the following conclusions:

- the most significant weight in the structure of own sources of financing of current assets take the accumulated profit;
- the amount of the registered capital is the same for 2015-2017 and we think that in planned period this amount will be the same because there are no sights for changes;
- the additional capital was not presented in general;
- the volume of accumulated profit decreased by 1130 thousand UAH in 2016 and increased slightly by 31 thousand UAH in 2017 and according to average growth rate of previous years we predict that in planned period this index will be 15 489 thousand UAH.

Analysis of accumulated profit shows:

- changes (increase or decrease) of its share in the amount of own capital, since the change in this value characterizes the business activity of the organization;
- directing part of the profit to the formation of funds (in accordance with the constituent documents and accounting policy), covering losses of previous years, payment of dividends.

### **3.3 Substantiation of development directions of sources optimization of current assets financing of enterprise**

The process of optimizing the structure of sources of financing of current assets is influenced by the system of financial standards developed at the enterprise. The main of these standards are:

- the standard of own current assets of the enterprise;
- the system of standards of turnover of the main types of current assets and the duration of the operating cycle as a whole;
- system of liquidity ratios of current assets;
- normative correlation of certain sources of financing of current assets and others.

The objectives and nature of the use of certain types of current assets have significant distinctive features. Therefore, in enterprises with a large volume of use of current assets developed a system of management of their individual species:

- 1) inventories;
- 2) receivables;
- 3) monetary assets, which also equates to short-term financial investments as a form of temporary use of the available balance of monetary assets.

One of the factors of the success of any business is the effective use of its current assets. Improving the management of current assets of the company is one of the main factors in increasing the economic efficiency of production at the present stage of economic development. The rational use of current assets in the conditions of their chronic deficit is one of the priority areas of activity of enterprises, which is based on the correct management of current assets and reserves, the development and implementation of measures that reduce the material consumption of products and accelerate the flow of current assets.

Effectively managing current assets can quickly achieve positive results in the financial recovery of the enterprise. Developing a strategy for financial

rehabilitation of organizations necessarily involves the development of the principles of use of current assets, as the most mobile part of the property.

Efficient use of current assets in the first place involves determining the optimal amount, developing financing options and ensuring the effectiveness of their use. The optimal amount of current assets must, on the one hand, ensure uninterrupted effective operation of the enterprise, on the other hand - to minimize the presence of inactive current assets.

Rational use of current assets is one of the priorities of the enterprise in modern conditions, it is ensured by accelerating their turnover in all stages of the cycle.

At the stage of creation of inventories, it is an effective use of them, eliminating excess inventory of materials, improving valuation, and improving the organization of supply.

At the stage of unfinished production it is the introduction of the latest technology and technologies, in particular, the non-return, economical use of material and fuel and energy resources, improvement of fixed assets.

At the stage of circulation it is a rational organization of sales of finished products, the use of progressive forms of payments, timely processing of documents and accelerating its movement, compliance with contractual and payment discipline.

In order to accelerate the turnover of current assets it is necessary:

- to improve the movement of goods and normalize the placement of current assets;
- to fully and rhythmically implement plans of economic activity;
- to improve the organization of trade, to introduce progressive forms and methods of sale;
- to improve settlements with suppliers and buyers;
- to improve pretension work;



- to accelerate cash flow by improving the collection of trading revenue, strictly limiting the cash balances at the cash registers of trading enterprises, on the road, on the current account in the bank;
- to minimize stocks of economic materials, low-value and high-wear items, inventory, overalls in the warehouse, reduce accountable amounts, costs of future revenues;
- to prevent receivables.

One of the main threats is the threat of liquidity loss, as even an enterprise with a well-established and efficient production process, competitive products may be bankrupt due to liquidity loss.

The most important principle of optimizing current assets of an enterprise is the establishment of the correlation of sources of formation of current assets and directions of their placement.

At the main aspects of this relationship is the approach of reconciling terms, which is to reconcile the terms of existence of assets and liabilities. The main purpose of this approach is to reduce the risk of insolvency of enterprises in the set time to pay off the accounts of creditors.

Such a risk arises when the life of the assets exceeds the maturity of the liabilities used to form the asset.

In this case, when the maturity date is due, the asset will not be realized, therefore, there is a need to extend the debt. If for some reason the lender refuses to extend the loan, then the company faces a problem with the creditor.

Therefore, a group of liabilities with a maturity term should correspond to the formation of a certain group of assets. Proceeding from this principle, fixed assets and a constant part of current assets should be formed from long-term capital (equity and long-term loans), while equity capital is primarily directed towards the formation of fixed assets, and its balances - for the formation of current assets.

The variable part of current assets should be formed from short-term loans and payables. But in practice, due to different reasons, this ratio is broken. On this basis, there are two approaches to the formation of current assets.

The aggressive approach to financing current assets is to increase the share of short-term loans and payables. In this case, a constant part of current assets, and sometimes some of fixed assets are formed by means of short-term liabilities.

Such a policy is highly risky and increases the financial and insolvency risks of an enterprise. Also, such a policy reduces the ability of an enterprise to rapidly increase its activity, since the company already uses significant amounts of short-term loans, that is, it reduces the financial potential of the enterprise. However, short-term loans are cheaper than long-term loans, which reduces the cost of current assets.

Unfortunately, for today, Ukrainian enterprises are not provided with long-term loans and the interest rate on them is much higher. Therefore, Ukrainian enterprises faced the problem of substituting a short-term loan for short-term, which greatly worsens the structure of sources of capital formation and reduces the financial reliability of enterprises.

Opposite to aggressive is a conservative approach, which involves an increase the share of long-term capital. That is, a constant part of current assets and a variable part of current assets are formed at the expense of long-term capital, and seasonal growth of current assets due to short-term loans.

Taking into account the financing of current assets for such an approach, enterprises use only a small amount of short-term credit and only at those times when the need for current assets reaches the highest need.

In periods of absence of need for current assets, the surplus involved Funds can be reserved as short-term investments in highly liquid securities. Implementing a conservative strategy is less risky and increases the financial potential of the company, but increases the cost of current assets.

Today's conservative strategy is impossible to implement because of the lack of a well-developed and stable financial infrastructure, which, on the one hand, would provide long-term lending, and on the other hand, would allow the placement of funds in highly liquid assets (virtually high-yield securities are not available in the Ukrainian stock market).

As experience shows, the practice of bank lending of production and finished goods, construction in progress, construction costs, costs of future periods, balances of low-value and wearable items and spare parts due to long-term capital is more rational. Such a system of financing is capable of restoring the solvency of enterprises and facilitates the timely acquisition of raw materials and payments for purchased tools of labor.

In today's conditions, it is extremely important to correctly identify the need for current assets. Current assets of the enterprise should be distributed at all stages of the cycle in the respective and in a minimal but sufficient volume.

Over-regulatory reserves divert money from circulation, indicating the disadvantages of material and technical support, the uncertainty of the processes of production and sales. All this leads to the destruction of resources, for the inefficient use of resources.

Enterprises that provide a delay in payments for goods that can only require a certain percentage of prepayment, as well for the rest of the sum, a commodity loan, the value of which is much lower for bank. However, the terms of postponement for different enterprises trade can be different, because it takes into account the business reputation of the intermediary, the duration of the relationship and its financial condition.

In any case, the use of commercial loans simplifies the implementation of goods, accelerates the turnover of funds and reduces the need for credit and money resources. Other current liabilities also play a significant role in the financing of current assets, a noticeable tendency to increase their volumes and share.

In case of a shortage of accounts payable enterprise for the current financial needs can be covered by the bank credit.

Bank loan is any obligation of the bank to provide a certain amount of money, any warranty, any obligation to purchase right to claim debt, any extension of the maturity of a debt, in exchange for the debtor's obligation to repay the amount owed, as well as the obligation to pay interest and other fees from such amount.



Actually bank credit as the main source of providing cash resources of the current economic activity of enterprises, regardless of ownership and spheres of management plays one of the most important roles in stimulating reproductive processes in the economy.

Despite the fact that the crisis in the economy virtually undermined the financial sustainability of most domestic enterprises, resulting in a sharp decline in the number of reliable borrowers (against the backdrop of a decline in the profitability of banking operations), lending operations remain the main type of active operations of commercial banks.

The involvement of enterprises in credit resources can occur on a long and short-term basis. Short-term loans are more often involved to finance current assets of enterprises, covering temporary cash gaps, purchasing goods, inventories, etc. Instead, long-term loans, as a rule, are directed to financing current assets with a long-term turnover.

Trade enterprises can attract a line of credit to replenish current assets and overdraft. As a rule, overdraft does not require collateral and is used to eliminate cash disruptions, that is, it is a fairly simple way to raise funds for the short term.

The credit line provides the opportunity to receive credit funds for different terms and receive several tranches simultaneously under different conditions (loan term, interest rate).

Bank loan is a fairly simple and widespread source financing of current assets. However, for the most part the enterprise is for obtaining a bank loan must provide a pledge, the value of which exceeds the loan amount. Important when providing a bank loan is a period of operation and stability of the borrower's activity, as a rule, newly created enterprises can not get a loan.

In addition, for a small business, it may be difficult to attract a bank loan because of low activity and poor financial condition. Taking into account banks' careful approach to risk assessment, in modern conditions a significant number of trading companies are unable to attract a bank loan. High rates for using bank loans restrain the extent of attracting this type of loan capital.

Loan financial resources play an important role in financing current assets in Ukrainian trade enterprises:

- short-term payables;
- short-term bank loans and other current liabilities.

So, enterprises must optimize the possible sources of funding to ensure uninterrupted activity and minimize costs.

Trade enterprises must determine all possible sources attracting financial resources, analyse key benefits and the disadvantages of one or another source, to form an optimal structure from the point of view of maximizing profitability and the level of financial stability of the enterprise.

An additional source for attracting funds from a trading company can be the restructuring of receivables through factoring, forfaiting or accounting for bills when settled with buyers.

Trade enterprises that carry out foreign trade activities can use the services of banks in the field of trade finance. Under conditions of too low financial stability and inaccessibility of loan resources, enterprises should optimize the need for current assets and find additional internal reserves to replenish them.

Therefore, as a conclusion, we can provide recommendations on optimizing the sources of financing of current assets for our enterprise LLC «Retail Trand»:

we can note that one of the ways of improving is the normalization of the volume of current assets, which should be sufficient to ensure the long-term stable production and financial activity of the enterprise. In addition, it should be optimal in the context of managing the current activities of the enterprise, that is, to ensure the liquidity and solvency of the business entity at an appropriate level.

Another possible way to improve is to ensure the effectiveness of using current assets depends on many factors. These include external factors that have an impact irrespective of the interests and foreign economic activity of the enterprise, and internal ones, which the enterprise may have an active influence on.

External factors include: general economic situation, peculiarities of tax legislation and conditions for obtaining loans and interest rates from them, and the

possibility of targeted financing in programs financed from the budget. In view of these other factors, an enterprise can use internal reserves to streamline the movement of current assets.

As a result of the carried out researches it is possible to allocate the basic directions of increase of efficiency of management of working assets of the enterprise:

- to accelerate the turnover of current assets through the definition of stocks and elimination of stocks, optimal choice of suppliers and improvement of supply organization; introduction of new technologies and increase of labor efficiency; rational sales organization, formation and implementation of effective credit policy;
- to form of such volume and structure of stocks that would ensure the continuity and stability of the production process at a minimum cost of maintaining stocks;
- to optimize of accounts receivable, calculations and determination of the optimal balance of funds, budgeting of current revenues and expenses.

The conducted studies allowed to create a management system for current assets of the enterprise, which involves determining the optimal value of current assets, their effective use and development of financing options for current assets of the company.

Improving the use of current assets of LLC «Retail Trand» and improving the efficiency of production can be achieved through:

- 1) reduction of inventory of inventory in connection with the transition to wholesale trade and direct economic relations with suppliers;
- 2) acceleration of the rotation of current assets due to the implementation of unnecessary, depreciated commodity and material assets.

For thvestigated enterprise, one of the main elements of commercial activity is the formation of the optimal volume and structure of current assets, since the underestimation of the value of current assets causes an unstable financial state of the enterprise, interruptions in the production process and, consequently, a decline



in production and profit. In turn, overstating the amount of current assets reduces the company's ability to make capital investments to expand production. Distraction of cash does not allow the company to use free money more efficiently and efficiently.

In order to optimize the structure of current assets, account should be taken of the advantages and disadvantages of each component. The main advantages include the following: high liquidity; finding part of current assets in the form of ready-made means of payment; possibility of quick restructuring of current assets.

The disadvantages can be considered: possible inflationary depreciation of monetary assets; additional expenses for the maintenance of surplus working assets; higher level of financial risks compared to non-current assets.

An important task of the financial service of the company is to substantiate the size and determine the optimal ratio between the components of its current assets. Particular attention should be paid to optimizing the structure of current assets, the study of reserves of acceleration of their rotation.

In the process of optimizing the structure of current assets, it is necessary to form their proportions according to the level of liquidity of their individual types. Although all types of current assets are liquid at one level or another, the overall level of their liquidity must provide the required level of solvency of the enterprise for all its current liabilities, taking into account the factor of time.

This level of solvency is ensured if the size of the immediate obligations (with a maturity of up to 1 month) is equal to the value of monetary assets, short-term obligations (with a maturity of up to 3 months) are cash assets in the amount receivable, and current liabilities relations (with maturity up to a year) - current assets as a whole.

Taking into account these criteria, the company's assets structure may be amended accordingly.

In order to normalize payment transactions, the following actions should be taken:

- to eliminate unnecessary payments for heat, water and energy (due to their more economical and rational use);
- to acquire the necessary production equipment for lease and leasing;
- to buy material resources under conditions of deferral of payment;
- to extend the loans and transfer the terms of individual payments by agreement with suppliers.

The main directions of strategic work of LLC «Retail Trand» in the field of management of sources of current assets are:

- definition of the needs of the enterprise in current assets;
- definition of own current assets and bringing their volumes to the optimum value;
- determination of the amount of funds attracted and calculation of the efficiency of their use;
- definition of the standard current assets and bringing their own current assets to this value;
- taking measures to accelerate the return of amounts receivable to the company;
- termination of performance of work for insolvent customers;
- reduction of managerial and elimination of unproductive expenses;
- introduction of advanced methods of production management;
- increase of the authorized capital of the enterprise for the financing of own current assets.

Consequently, within the formulated areas of strategic work in the field of management of sources of current assets of the enterprise LLC «Retail Trand» concrete ways to increase the efficiency of the use of current assets are:

- to substantiate establishment of norms and standards of labor;
- to establishment of regular direct correlation the relationships with suppliers;

- to reduce the cost of raw materials used in production and on the basis of their purchase at wholesale prices;
- to save on raw materials and materials consumption standards due to the introduction of advanced technologies into production;
- to recycle of waste in production;
- to intensify of production processes (reduction of the length of the production cycle);
- to accelerate of sales processes in the application of advanced marketing technologies.



## CONCLUSIONS AND PROPOSALS

According to the results of the research we can make the following conclusions and proposals that have a theoretical and practical meaning.

Rational use of sources of financing of current assets is one of the main tasks of any manufacturing enterprise. Effective use, standardization and optimization of sources of financing of current assets of the enterprise is important for ensuring continuous production, in the conditions of inflationary processes, crises, and increasing competition. This affects the ability to implement its own production program of the company, compliance with obligations to consumers, ensuring a stable financial position and creating conditions for further competitive development of the enterprise.

According to the author, sources of financing of current assets of the enterprise are a collection of property values at the disposal of the enterprise, accumulated or involved in order to ensure the process of continuous activity and achieve high financial results of the enterprise.

Sources of financing of current assets are divided into:

- own current assets (means of the enterprise, which is covered by the minimum amount of current assets, which is necessary to ensure a normal and continuous process of production and sales);
- involved current assets (formed from funds that are not owned by the enterprise, but as a result of functioning of the current system of settlements are in its use. These include stable liabilities, the minimum wage arrears, payables);
- borrowed current assets (are formed at the expense of the company engaged in a commodity or financial loan, both in the short-term and on a long-term basis).

The choice of sources of financing of current assets is influenced by the scale of the enterprise. Large enterprises have more opportunities to finance

current assets at the expense of credit resources, small - at the expense of their own funds or current liabilities.

Analyzing the dynamics of the main items of current assets of LLC «Retail Trand» over the last three years (2015-2017), we can make a conclusion that the volume of current assets of the enterprise:

- for 3 years increased: from 21 041 thousand UAH. in 2015 up to 29 450 thousand UAH. by the end of 2017 or by 39%.
- These changes are mainly related to a increasing in the amount of inventories, and increasing and decreasing in the amount of accounts receivable and other current assets. This could be considered a positive trend. For 2016, the enterprise has a situation of increasing in the absolute amount of accounts receivable: 1411 thousand UAH or 23,3%; for 2017, respectively, an insignificant decrease of 946 thousand UAH or 12.7%.

The specific weight of current assets of LLC «Retail Trand» in the total amount of assets for 2015-2017 had a tendency to decreasing from year to year and was 55.47 % in 2015, 46.74 % in 2016 and 40.05 % in 2017. The reason for these changes is increasing of amount of non-current assets in total amount of assets of LLC «Retail Trand» in 2015-2017.

For the period of 2015-2017 there is a tendency to increasing and decreasing of the amount of receivables of in LLC «Retail Trand», increased by 1411 thousand UAH in 2016 and decreased by 946 thousand UAH in 2017.

During the period of 2015-2017 total volume of inventories increased by 3421 thousand UAH in 2016 or by 25,6 % and also increased by 5078 thousand UAH or by 30,3% in 2017.

An increasing in the value of inventories is positive only if there is no decline in inventory turnover. Otherwise it is a negative change.

The correlation between borrowed capital and equity. This indicator of LLC «Retail Trand» for 2015-2017 is 2,88 in 2015; 3,78 in 2016 and 4,97 in 2017.

This indicator has a fairly simple interpretation: its value what is for example 3,78 means that for every 1 UAH of own funds invested in the assets of the enterprise amounts to 378 of kopecks of borrowed funds. The growth of the indicator in the dynamics indicates an increase in the dependence of the company from investors and creditors that is on a certain decline in financial stability and inversely.

Through the analyzing of the structure of own sources of financing of current assets of the LLC «Retail Trand» for 2015-2017 we can make the following conclusions:

- the most significant weight in the structure of own sources of financing of current assets take the accumulated profit;
- the amount of the registered capital is the same for 2015-2017;
- the additional capital was not presented in general
- the volume of accumulated profit decreased by 1130 thousand UAH in 2016 and increased slightly by 31 thousand UAH in 2017.

During 2016 current assets made 1 full turnover, in 2017 this figure decreased to 0,68 and this mean that period of turnover of current assets increased and current assets didn't make 1 full turnover.

Reducing the turnover rate from 1,16 to 0,68 indicates that the company's output is reduced by 1 UAH working capital or that for the same volume of production is required to spend a larger amount of current assets.

There is a decrease in the efficiency of the use of working capital, the possibilities of production of additional products are reduced because of the manufacture units of production need more working capital;

Period of current assets turnover that was 100 days in 2016 increased by 57 to 157 days in 2017 and this is not good factor because slowdown in current assets turnover does not allow releasing significant amounts and not increase production without additional financial resources;



The ratio of inventory turnover decreased from 1,16 in 2016 to 0,68 in 2017; such dynamics is positive, since it shows an decreasing in the time of commodity-material values transform into finished products;

Positive trend is increasing of ratio of accounts receivables turnover, from 5,58 in 2016 to 5,95 in 2017.

The main ways to accelerate the turnover of assets:

- reduction of the duration of the operating cycle through increased productivity, the use of advanced technologies, more complete and efficient use of labor and material resources;
- improvement of the organization of material and technical supply with the purpose of uninterrupted provision of operational activities with the necessary material resources and shortening the time spent in the capital stock;
- acceleration of the process of shipment of products, sales of goods and clearance of settlement documents;
- reduction of the time of receipt of funds in accounts receivable;
- raising the level of marketing research aimed at accelerating the progress of finished products (goods, works, services).

The best index of ratio of current assets capacity of LLC «Retail Trand» is in 2016. During the period of 2016-2017 there is a trend to increasing of the ratio.

The profitability ratio of LLC «Retail Trand» for 2016-2017 has a dynamics to decrease, from 0,47 in 2016 to 0,37 in 2017.

According to the analysis we see negative tendency of the increasing of the length of one turnover of current assets, from 310 days in 2016 to 529 days in 2017. One of main ways to decrease the index of length of one turnover of current assets could be improvement of current assets turnover ratio. The acceleration of turnover of current assets can be estimated by their absolute and relative release from turnover.

While analyzing the dynamics of the main items of current assets of LLC «Retail Trand» over the last three years (2015-2017), we can make a conclusion that the volume of current assets of the enterprise increased from 25 346 thousand

UAH in 2016 up to 29 450 thousand UAH by the end of 2017 or by 16,2%, and due to average growth rate of previous years we predict that in planned period index of total current assets will increase on 6 265 thousand UAH or by 18,3% in 2018.

Taking into account that in 2016, the enterprise has a situation of increasing in the absolute amount of accounts receivable by 1 411 thousand UAH or 23,3%; and in 2017, respectively, an insignificant decrease of 946 thousand UAH or 12.7%, we predict that in 2018 the index of accounts receivable increase by 346 thousand UAH or by 5,3%.

So, during the 2015-2018, significant changes were made in the composition and structure of the current assets of the LLC «Retail Trand». A significant part of the volumes will consistently hold by inventories. Also, accounts receivable consistently occupy a smaller share in the structure of current assets, the smallest – other current assets.

Due to average growth rate of previous years we predict that in planned period index of total current assets will increase on 6 265 thousand UAH or by 18,3% in 2018. We see the tendency to increasing of current assets from year to year and we can admit it like positive trend.

The specific weight of current assets of LLC «Retail Trand» in the total amount of assets for 2015-2017 had a tendency to decreasing from year to year and was 55.47 % in 2015, 46.74 % in 2016 and 40.05 % in 2017 and due to average growth rate of previous years we predict that in planned period index specific weight of current assets will decrease by 5,9% in 2018. The reason for these changes is increasing of amount of non-current assets in total amount of assets of LLC «Retail Trand» in 2015-2018.

For the period of 2015-2017 there is a tendency to increasing and decreasing of the amount of receivables of in LLC «Retail Trand», increased by 1411 thousand UAH in 2016 and decreased by 946 thousand UAH in 2017. Due to average growth rate of previous years we predict that in planned period index of volume of accounts receivable will increase by 5,3% in 2018.

During the period of 2015-2017 total volume of inventories increased by 3421 thousand UAH in 2016 or by 25,6 % and also increased by 5078 thousand UAH or by 30,3% in 2017. In according to average growth rate of previous years we predict that in planned period index of volume of inventories of the LLC «Retail Trand» will increase by 6105 thousand UAH or 27.9% in 2018 planned year.

In according to average growth rate of previous years we predict that in planned period index of volume of equity will decrease to 17 485 thousand UAH and index of volume of borrowed capital of the LLC «Retail Trand» will increase to 114 233 thousand UAH.

The correlation between equity and borrowed capital. This indicators of LLC «Retail Trand» for 2015-2018 are 2,88 in 2015; 3,78 in 2016 and 4,97 in 2017 and according to average growth rate of previous years we predict that in planned period this index is 6,53.

This indicator has a fairly simple interpretation: its value that is for example 6,53 means that for every 1 UAH of own funds invested in the assets of the enterprise amounts to 653 of kopecks of borrowed funds. The growth of the indicator in the dynamics indicates an increase in the dependence of the company from investors and creditors that is on a certain decline in financial stability and inversely.

Throw the analysys of the structure of own sources of financing of current assets of the LLC «Retail Trand» for 2015-2018 we can make the following conclusions:

- the most significant weight in the structure of own sources of financing of current assets take the accumulated profit;
- the amount of the registered capital is the same for 2015-2017 and we think that in planned period this amount will be the same because there are no sights for changes;
- the additional capital was not presented in general;



- the volume of accumulated profit decreased by 1130 thousand UAH in 2016 and increased slightly by 31 thousand UAH in 2017 and according to average growth rate of previous years we predict that in planned period this index will be 15 489 thousand UAH.

In order to accelerate the turnover of current assets it is necessary:

- to improve the movement of goods and normalize the placement of current assets;
- to fully and rhythmically implement plans of economic activity;
- to improve the organization of trade, to introduce progressive forms and methods of sale;
- to improve settlements with suppliers and buyers;
- to improve pretension work;
- to accelerate cash flow by improving the collection of trading revenue, strictly limiting the cash balances at the cash registers of trading enterprises, on the road, on the current account in the bank;
- to minimize stocks of economic materials, low-value and high-wear items, inventory, overalls in the warehouse, reduce accountable amounts, costs of future revenues;
- to prevent receivables.

Improving the use of current assets of LLC «Retail Trand» and improving the efficiency of production can be achieved through:

- 1) reduction of inventory of inventory in connection with the transition to wholesale trade and direct economic relations with suppliers;
- 2) acceleration of the rotation of current assets due to the implementation of unnecessary, depreciated commodity and material assets.

For enterprise, one of the main elements of commercial activity is the formation of the optimal volume and structure of current assets, since the underestimation of the value of current assets causes an unstable financial state of the enterprise, interruptions in the production process and, consequently, a decline in production and profit. In turn, overstating the amount of current assets reduces

the company's ability to make capital investments to expand production. Distraction of cash does not allow the company to use free money more efficiently and efficiently.

Consequently, within the formulated areas of strategic work in the field of management of sources of current assets of the enterprise LLC «Retail Trand» concrete ways to increase the efficiency of the use of current assets are:

- to substantiate establishment of norms and standards of labor;
- to establishment of regular direct correlation the relationships with suppliers;
- to reduct of the cost of raw materials used in production and on the basis of their purchase at wholesale prices;
- to save on raw materials and materials consumption standards due to the introduction of advanced technologies into production;
- to recycle of waste in production;
- to intensificate of production processes (reduction of the length of the production cycle);
- to accelerate of sales processes in the application of advanced marketing technologies.

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