

ANALYSIS OF THE COMPOSITION AND STRUCTURE OF CURRENT ASSETS

Setting the problem. In the market economy conditions, particularly importance is attributed to the problems of formation and analysis of current assets. Any enterprise should function on the basis of economic analysis for sources of formation the property and its use, determining the costs, revenues and profits, evaluating the attractiveness of a business entity.

The mobilization of qualitatively new sources of growth in production efficiency becomes important in the process of transformation of economic relations in Ukraine and the crisis phenomena. The special role in the implementation of this task belongs to the efficient use of current assets. Analysis of security enterprises by its own current assets provides an opportunity to assess the ability to create the necessary for production and sales stocks of raw materials and other inventories, over stocks of unfinished production, finished goods, to invest a sum of funds in the calculations.

It has been neglected to the problem of planning, accounting and analysis of working capital in the agricultural enterprises. Current assets are practically not normalized. So, there are some difficulties in its analyzing. All these facts testify about the necessity of concentration the attention of scientists, employees of financial enterprises on matters of normalization, accounting and analysis of current assets, the development of specific directions to improve it.

The research of the principles of rational organization of working capital and also search provisions to improve of its use constitute nowadays the considerable interest for the enterprises, organizations and banks, because they are the objects of lending.

Thus, the analysis of the normalization of current assets in the agriculture indicates that the work with the establishing of science based standards and norms in the investigated area require significant improvement.

Economically substantiated, systems analysis and the normalization of current assets will provide the opportunity to the enterprise to focus correctly in all matters related with the functioning of working capital.

Analysis of recent research and publications. Issues of analysis and control of current assets are explored in the works of domestic and foreign scientists and economists, such as: V.H. Andriychuk, H.I. Kindratska, O.I. Kononenko, M.Ya. Korobov, Yu.Ya. Lytvyn, M.Y. Malik, Ye.V. Mnykh, N.V. Tarasenko and others.

Despite the significant number of scientific papers devoted to the problems of analysis and control of current assets and its significant practical value, conceptual frameworks and methodological principles, theoretical aspects of integrated management system require further study.

In the economic literature there is no unified approach to the determination of the essence, the composition and structure analysis of current assets, not implemented deep and comprehensive study of the mechanism of normalization [1; 2].

Setting the objective. The purpose of the article is the substantiation of necessity the system analysis and normalization of current assets of agricultural enterprises in terms of market transformations and European integration.

The main material of research. According to the current guidelines in Ukraine on the annual financial statements the formula is used to determine the amount of the own working capital:

$$Owc = AB_2 + AB_3 - PB_4 \quad (1)$$

where Owc – availability of own working capital; AB_2 – result of section 2 liabilities balance;

AB_3 – result of section 3 liabilities balance; PB_4 – result of section 4 liabilities balance.

Compliance with the actual amount of own working capital to the established standards is produced by a special calculation. The calculation of the regulatory requirements or working capital normalization – a justification of their basic needs, which at attracting funds in certain periods, ensures continuity of the process of production and circulation [4].

The initial information of substantiation standards for individual elements of working capital is the data from the form of business plans, annual report of particular enterprise.

The method for studying the composition and structure of current assets of the enterprise is considered by us on the basis of balance PLE “Ivanovo” Terebovlia district, Ternopil region in 2012 (Table 1).

Table 1
Analysis of changes the composition, structure and dynamics of current assets
(thousand hryvnias)

index	At the beginning of reporting period		At the end of reporting period		variation		
	absolute values	relative values (fraction in current assets)	absolute values	relative values (fraction in current assets)	in absolute values	in the structure	growth rates
Production stocks	4453	8,06	3437	4,91	-1016	-3,15	77,18
Finished products	29131	52,72	26809	38,31	-2322	-14,41	92,03
Receivables increases	1528	2,76	4850	6,93	3322	4,17	317,41
Current biological assets	4111	7,44	4451	6,36	340	-1,08	108,27
Unfinished production	4131	7,48	4263	6,09	132	-1,39	103,19
Cash and their equivalents	11901	21,54	26174	37,40	14273	15,86	219,93
In all – current assets	55255	100,00	69984	100,00	14729	0,00	126,66

Table 1 shows that the total amount of current assets for the year increased by 14,729 thousand hryvnias or 26.6%. At the same time the share of current assets in the assets of enterprise increased. This fact indicates about the expansion of production in the investigated enterprise.

Finished products fulfilled the largest contribution to the formation of current assets of the enterprise (38.31%), despite its decrease in 2322 thousand hryvnias from 29 131 to 26 809 thousand hryvnias. We believe that the following above standard stocks of finished products in the investigated farm are created through inflationary processes and markets. Therefore it is necessary to develop measures to reduce the excessive of production supplies balances in the economy. The most important condition for achieving of optimal inventory are reasonable estimates their needs, establishment of permanent contractual relationships with suppliers and implement their obligations and setting the rhythm of production, elimination of lacks in planning and accounting.

Increasing remnants of finished products at the warehouses of economy leads to freezing of working capital, lack of funds for payments with the bank, budget, suppliers and employees on wage. Therefore, it is necessary to study the composition of finished products during the analysis (in the agricultural enterprises is mainly production of cereals), duration and reasons for the creation of its excessive residues.

Depending on the reasons you need to develop measures to reduce these residues, including the search for new markets. For this purpose the scientists study the ways to reduce production costs, improving its quality and competitiveness, structural reorganization of economy enterprises and organizations effective advertising.

As we know, the financial position of the enterprise is largely dependent on the money that is the most mobile part of current assets. The amount of money should be sufficient to cover all priority payments. The increase in funds on the accounts in the bank indicates the strengthening of the financial situation of the enterprise and they will be used to expand the production in the future. At the end of reporting period, this balance article in the structure of current assets has a significant specific weight and its share makes 37.40%. The structure of assets with low debt and a high proportion of cash indicate about the positive developments in the marketing policy of the enterprise, and also about the most cash character of calculations. Conversely, the structure with high debt and low percentage of funds may be indicative of unfavourable state of settlements with buyers and other debtors [8, 10].

Regarding the analysis of accounts receivable, it should be noted the following. If the enterprise is expanding its operations then number of customers and the cost and receivables increases. On the other hand, the enterprise can reduce the sale of products then accounts receivable will be reduced. Thus, the increase in receivables is not always evaluated negatively. In this regard, it is necessary to distinguish the normal and overdue debts. Availability of overdue debts creates some difficulties, because the enterprise will feel a shortage of funds for the purchase of production supplies, payment of wages etc. In addition, the freezing of funds leads to slower of the capital.

The amount of accounts receivable in the economy at the end of the year increased on 3322 thousand hryvnias that is more than three times.

The diversion of funds in the accounts receivable leads to financial difficulties. According to this fact, the enterprise would experience any lack of funds for the purchase of inventory, payment of wages, settlements with the budget by borrowers. Therefore every enterprise must be interested in reducing maturities of payments by improving the calculations, timely execution of the settlement documents, prepaid, implementation of bill forms of payment, etc. For a detailed analysis of accounts receivable is necessary to

operate according to the composition and structure of the of accounts receivable, its specific weight in the sum of current assets, indicators of quality and liquidity, indebtedness on the financial results of enterprise, finding ways to accelerate the turnover of accounts receivable.

The specific weight of unfinished production in current assets of the economy occupies 6.09%. The increase of residues of unfinished production from 4131 thousand hryvnias at the beginning of the period to 4263 thousand hryvnias at the end of the reporting period is caused by the structural changes of production nature in crop. It should be noted that the magnitude of unfinished production is normalized in physical and monetary terms and also in the days of reserve.

In the natural expression the unfinished production is the amount of tangible assets that are located at this moment in production, in the monetary expression value of the property, in the days of stock – turnover funds that are invested in the unfinished production.

During the production the cost of unfinished production gradually increased, but it must always be less than the cost of the finished product and depends on the degree of cost growth and inflationary processes in the country.

The state of production supplies has certain influence on the financial condition of the enterprise. The stocks should be optimal in order to manufacture and marketing of products meet normal circumstances. Stockpiling overtime indicates the decline in activity of the enterprise, slowing down the turnover of working capital. At the same time an insufficient number of stocks also negatively affect to the financial condition of the enterprise, because the production is reduced, the amount of profit is decreased. In other words, any increase in the cost of inventories should be accompanied by the same (or larger) increase in reversibility of working capital [3; 6; 7].

In our calculations, value of stocks for the reporting period decreased by 1016 thousand hryvnias the growth rate at the same time amounted to 77.18%. It is also increased the proportion of reserves in the total value of the property on 1.69%. To determine how justified such increase is comparable to the growth rate of industrial stocks with growth rates of production or proceeds from the sale: if the growth rate of industrial stocks is insignificantly higher than the growth rate of industrial output, then this change testifies about the normal functioning of the enterprise. Increasing the value of inventories is positive only if there was no decrease in turnover of stocks. In another case it is the negative change.

Conclusions and prospects of further research. Thus, the formation, management and analysis of current assets are the important direction increasing the financial state of agricultural enterprises. Establishment of optimal ratio of working capital in the production and circulation is important for ensuring cash, implementation of the production program and also is one of the major factors in improving the efficiency of working capital.

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Kostetsky Ya.I. ANALYSIS OF THE COMPOSITION AND STRUCTURE OF CURRENT ASSETS

Purpose. The purpose of the article is the substantiation of necessity the system analysis and normalization of current assets of agricultural enterprises in terms of market transformations and European integration.

Methodology of the study. The following methods of research were used in this article: grouping – for the possibility of variation the distribution of the composition and structure of current assets of the

enterprise by the specified characteristics depending on the particular economic conditions; comparison – to determine the optimal value of marketing costs and possibilities of their regulation.

Findings. It has been established that refusal from rationing of current assets in recent years was erroneous that led to instability of the structure of current assets and distortion of the results of financial analysis. It has been proposed to concretize calculations by the separate types of current assets with their obligatory rationing.

Originality. Scientific novelty is to establish the dependence of the financial condition of agricultural enterprises matter how correctly carried out financial policy comparatively to the sources of the formation, development and analysis of current assets.

Practical value. The obtained results of research can be used in the analysis, organization and rationing of current assets of agricultural enterprises.

Key words: current assets, finished products, accounts receivable, production stocks, efficiency.