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CONCERNING PROBLEM ASPECTS OF THE ANALYTICAL ASSURANCE OF CURRENT ASSETS MANAGEMENT ON THE ENTERPRISE

ДО ПРОБЛЕМНИХ АСПЕКТІВ АНАЛІТИЧНОГО ЗАБЕЗПЕЧЕННЯ ПРОЦЕСУ УПРАВЛІННЯ ОБОРОТНИМИ АКТИВАМИ ПІДПРИЄМСТВА

Summary. This article disclosed the current assets management peculiarities of the enterprise. It was determined the basic purpose and objectives of the current assets management in the enterprise. In this publication, we paid the attention to current assets management in general and in details, gave the recommendations for the management of such elements of current assets as the accounts receivable, trade and production inventories, cash. This research gives a stepwise instruction to help conduct current assets management successfully, that will allow the company to keep proper solvency and profitability and improve the overall financial condition of the company. This article describes methods of current assets managing such as coefficient method, valuation method, and ABC optimization method. We determined a range of benefits that the enterprise will obtain by the means of the effective current assets management.

Key words: current assets, assets management, inventory, accounts receivable, financial portfolio, operating activities.

Formulation of the problem in general and its connection with important scientific and practical tasks.

Many factors exert influence on the activities of the company. We can determine both external and internal factors of impact. The company cannot influence on the external factors and change them, but internal factors the company can manage and adjust them for its own benefit. One of such internal factors are current assets in the enterprise. Proper asset management will allow the company to increase its effectiveness, cost and enable the company to obtain higher profits.

Analysis of recent research, that we can take as a background to solve the solution. Such foreign and domestic scientists as F.F. Butynets, V.V. Bykovsky, A. Bondarenko,

N.V. Chabanova, M.A. Bolyuh and others researched the methodology of current assets management [8; 9; 10].

However, there are some shortcomings in the current assets management, among them there is an issue regarding presence; or rather, the lack of a clearly defined methodology, which the enterprises may follow for making their managerial decisions on current assets, so as a result, each company is forced to develop its own methodology of solving this problem on their own.

The objectives of the article. The main purpose of this publication is to outline the theoretical positions of the company current assets management; summarizing the factors influencing the efficiency of working assets; forming the ways and means of stepwise company's current assets management.

Statement of the main material. One of the most important elements for the successful operation of the business are the current assets. As a whole, the effectiveness of the enterprise depends on their size. Preeminently, current assets are the indicators of the entire company work. On them are put the financing of planned expenditures, the normal functioning of production and sales of products. The over normed excess of assets leads to inefficient functioning and distraction in stock without use in future operations. The condition of current assets lack leads to the company's failure to pay its obligations in full.

The amount of current assets may be affected by many factors, including: business activity of the enterprise, production volume, length of the production cycle, the presence of various assortment of products, terms of cooperation with suppliers and buyers, payment order of debtors and creditors and others.

Today, the main prerogative for any company is to maximize profit and reduce the cost on conducting business. To achieve this goal, it is necessary to develop a clear, effective and correct company's asset management policy, and pay special attention to the management of current assets. The effectiveness and appropriateness of managerial decisions will affect the efficiency of the whole enterprise, namely for the liquidity of the company, its solvency and consequently on the financial stability of it.

First of all, we should understand what represent current assets. Ukrainian economist M. A. Bolyuh in his book «Financial management of the State» gives a such definition of current assets as: «current assets of the enterprise engaged in the production are a group of assets with a lifetime use of one year, which are included in operating activities, and due to

its liquidity should enable the company to pay for its obligations» [1, p. 65].

At any time of the company activity current assets can be in a different kind: from raw materials, fuel, inventory, work in progress, finished goods to accounts receivable and cash. The main purpose of current assets is to provide the company an uninterrupted production process and sales of assets process, that is why the management of this type of asset is important for any company.

For the effective management of all current assets domestic scholar O. S. Bondarenko offered to divide all the current assets in such units as:

1. Receivables;
2. Inventory;
3. Cash and current finance [2, p. 53].

However, despite this division, for management of all current assets we can offer master scheme which provides a gradual control of current assets. This scheme represented 9 steps (stages), by following which, we can achieve the desired results. More detailed each step we described in the table. 1.

Further approaches characterization based on the principle of current assets forming:

Conservative – this approach is typical for companies whose current assets providing guarantees it a normal operation, in that case on the company are formed additional reserves of raw materials for unforeseen circumstances. Under these conditions, the company will operate safely even in unforeseen circumstances, however, despite the benefits of the approach, the assets are used not appropriate, reducing their turnover and profitability.

Moderate approach – by this approach there are available at the company current assets able to cover the current needs

Table 1

Pattern diagram to ensure effective management of current assets*

Stage	Name of stage	The essence of a stage
1.	Analysis of the current assets size in the previous period	It is necessary to define the following parameters: - to calculate the available amount of current assets and to determine the current assets dynamics of the past and current periods; - examine the dynamics of current assets for each sections, such as accounts receivable, inventory, cash, etc. ; - analyze the existing level of profitability of these assets, and factors affecting this figure; - to analyze the sources that form current assets in the company and their structure.
2.	Choosing the best option of forming assets volume	The company selects the most appropriate of three main approaches. There may be a conservative, moderate or aggressive approach (explanation to each of the approaches available hereinafter)
3.	Ensuring efficient operation of current assets	This stage includes: - the choice of measures that would help reduce the operating cycle without reducing production capacity and volume of goods sold; - calculation turnover norms of assets and determining their optimal size; - calculation of the appropriate size of assets in the next period.
4.	Selecting appropriate proportions between fixed and variable assets	On this step is necessary to determine the need for seasonal working assets (for companies whose activities depend on seasonal changes). Seasonal can be determined as the difference between the largest and smallest demand for assets during the year or the operating cycle.
5.	Ensuring sufficient liquidity	One of the priority objectives in taking managerial decisions regarding current assets is the issue of the appropriate level of solvency on current obligations.
6.	Ensuring the profitability of current assets	The essence of this stage is that the released funds from turnover should be invested again that in the future to gain profit. That is, the need of effectively use the temporary released current assets for compiling a portfolio of temporary investments.
7.	Minimization of the costs during the production process	Managerial decisions, regarding the current assets management should be aimed to reducing the company losses from inflation changes, changing market conditions, etc.
8.	Factors of financing certain types of current assets	The definition of current assets for which funding should be made regularly at the dates and in determined quantity.
9.	Providing the funding sources of current assets	Determination of the most optimal way, which will finance working assets of the company.

*Summarizing based on sources: [4; 5]

in the assets fully, forming the optimal insurance reserve in case of failure of the normal operation of the business. Thus, this approach provides an appropriate relationship between risk and efficiency of working assets.

An aggressive approach is characterized by minimizing insurance reserve of the current assets size. During the normal operation of the company it gives the best results by the profitability and efficiency in the current assets use, but even insignificant failures in company operating activities can dramatically reduce production and sales, resulting large financial losses.

Each of the elements that make up the current assets have their own individual goals and the nature of their use. Therefore, advisable for the companies that use a large amount of current assets to develop a system for managing their forms that facilitate the same management problem and control. Usually current assets in the company are divided into: stocks trade items, receivables and cash [3].

By the means of the effective stocks management a company can achieve lower operating cycle, reduce operating costs for storage of current assets and free up a part of current assets from economic circulation, that will reinvest or reallocate them to other areas.

If we look at the issue of managing accounts receivable, the company can achieve a success in reducing the need for assets. Not adequate amount receivable is impractical redistribution of company's capital, the high level which may decrease liquidity or reduce production volumes.

To speed up the turnover of accounts receivable is appropriate to apply the program of providing discounts for cash payment on goods or immediately after purchase. However, this program has the right to life only in those companies which have strong conditions and contacts with customers, that is only relative to regular customers, which the company can be quite sure about the timing and amount.

There is a method of speeding up the return of accounts receivable as the factoring – realization of receivables to another person. However, this method is not traditional and not popular in the domestic economy. The reasons for this are the high risk of such an operation, a large margin for factoring services [6; 8].

Speaking of cash management quotas and how to attract them into the turnover, the methodology of the national question, – is the least developed and needs improvements. However, in developed countries there is a rule of reserving or investment in temporarily redundant funds in marketable securities. Despite all the advantages of this method, unfortunately it is not available for domestic manufacturers due to the lack of reliable securities in the country and the lack of confidence in the financial market.

In managing current assets we should pay attention to the choice of the funding method. One of the most common method of financing current assets is payable, that allows the company to expand its operations without the use of own funds and promote the activation effect of financial leverage, which in turn increases profitability indicators of equity. Another way of raising funds for current assets is the bank loans, but their involvement may adversely affect on increasing spending on servicing of such loans [7, p. 101].

The main criterion on which policy is based on the financing current assets management is the choice of the optimal

balance between the risk of losing a financial stability of the company and the level of effectiveness of the company concerning the use of equity capital and the ability of the enterprise to pay fully on its obligations.

Thus, provided that the company's short-term financial obligations will be the same, and the size of current assets covered by the equity and long-term loans will increase in the future, – it will increase and strengthen the financial stability of the company. Also, it will cause the average cost growth of capital in general.

And vice versa, provided that at the constant financing by the equity and long-term borrowings in current assets, the amount of short-term liabilities of the enterprise will grow, – it will reduce the average cost of capital and thus will decrease the financial stability of the company and its solvency.

In domestic and foreign practice in the management of current assets are used various methods such as the ABC method, the method of valuation, optimization and method of coefficients.

So, the first method – the ABC, provides factors distribution affecting the cost of production, implementation costs or other problems in the ratio. This way the company considers what the factors should be reduced to decrease the problems that we focus on.

The method of valuation is to consider only those current assets that are the subject to regulation, by this method the company can calculate the necessary amount of current assets.

The method of coefficients examines performance of the rotation ratios of current assets, the relation between the length of the planning period and the coefficient of rotation, calculating the working capital ratio, the relation between the sales and the average amount of current assets, the profitability of working capital and so on. This in turn will improve the process of production and sales.

Ensuring quality and efficient process for the current assets management of the company will form a set of advantages in improving the efficiency of its operations in the future. Firstly, it will facilitate smooth functioning of the company, reduce risks of delay the operating activity. Secondly, it will be optimized the size of current assets, which in turn will reduce the costs of providing (forming) the conditions for their financing and storage. Thirdly, it will cause an increase in turnover of working capital, therefore, it will increase the efficiency of the entity functioning. And fourthly, reaching the final result of the company – the optimization of its profitability at the same liquidity.

Conclusions. As a result, it should be noted that the management of current assets in the enterprise is one of the major and important components forming successful management of the whole system. Besides, on the quality of the current assets management will depend the solvency of the entity, the level of profitability, forming the opportunities to work in unpredictable situations, the scale and level of production and final sales. Provided that by the means of the successful current assets management the enterprise can achieve some release of assets that can be used to ensure the profitable growth of its operations, speeding up the turnover of working capital, ensuring continuity of production activities and maximize profitability, which undoubtedly is the primary mission of each entity.

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Анотація. У статті розкрито особливості управління оборотними активами на підприємстві. Визначено головну мету та завдання управління оборотними активами підприємства. Приділено увагу управлінню оборотними активами загалом та детально розглянуто рекомендації щодо управління такими елементами оборотних активів, як: дебіторська заборгованість, торговельні і виробничі запаси, грошові кошти. Наведено покрокову інструкцію, що сприятиме забезпеченню успішного управління оборотними активами, дасть змогу підприємству на належному рівні утримувати платоспроможність та рентабельність, а також підвищить загальний фінансовий стан підприємства. Надано характеристику методів щодо управління оборотними активами, зокрема: методу коефіцієнтів, нормування, методу АВС-оптимізації. Визначено переваги, які вдасться досягти підприємству в разі забезпечення ефективного управління власними оборотними активами.

Ключові слова: активи, оборотні активи, управління, запаси, дебіторська заборгованість, фінансовий портфель, операційна діяльність.

Анотация. В статье раскрыты особенности управления оборотными активами на предприятии. Определены главная цель и задачи управления оборотными активами на предприятии. Уделено внимание управлению оборотными активами в целом и подробно расписаны рекомендации по управлению такими элементами оборотных активов, как: дебиторская задолженность, торговые и производственные запасы, денежные средства. Приведена пошаговая инструкция, которая поможет проводить управление оборотными активами успешно, позволит предприятию на должном уровне содержать платежеспособность и рентабельность и повысит общее финансовое состояние предприятия. Приведены методы по управлению оборотными активами, такие как: метод коэффициентов, нормирования, метод АВС-оптимизации. Приведены преимущества, которые получит предприятие при эффективном управлении своими оборотными активами.

Ключевые слова: активы, оборотные активы, управление, запасы, дебиторская задолженность, финансовый портфель, операционная деятельность.