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EFFICIENCY OF FINANCIAL AND ECONOMIC ACTIVITY OF SC IA "BORYSPII"**ЭФФЕКТИВНОСТЬ ФИНАНСОВО-ЭКОНОМИЧЕСКОЙ ДЕЯТЕЛЬНОСТИ ГП МА "БОРИСПОЛЬ"**

The article considers the concept of "financial and economic activity" and approaches to evaluation financial and economic activity of the enterprise, which use different indicators and give a comprehensive description of the effectiveness of its functioning.

В статье рассматривается концепция «финансово-хозяйственная деятельность» и подходы к оценке финансово-хозяйственной деятельности предприятия, которые используют разные группы показателей и дают исчерпывающее описание эффективности функционирования.

Keywords: *financial and economic activity, indicator, liquidity, financial sustainability, profitability, economic efficiency*

Ключевые слова: *финансово-хозяйственная деятельность, показатель, ликвидность, финансовая устойчивость, рентабельность, экономическая эффективность*

INTRODUCTION

In a market economy, the validity and effectiveness of managerial decisions at micro and macro levels are largely dependent on the results of an assessment of the financial condition of economic entities which content goes beyond the calculation of individual factors and involves the study of a set of indicators that reflect different aspects of the enterprise. A significant number of enterprises in Ukraine have an unsatisfactory capital structure and lack of working capital. By timely development and implementation of measures aimed at improving the financial position in the long run, such enterprises can increase their property potential, restore solvency and profitability. Warning of the development of negative crisis phenomena in the enterprise is possible only by systematically providing management personnel with information on the current level of financial sustainability and the ability of the enterprise to further develop. Such financial and analytical information should be obtained from the evaluation of the financial condition of the enterprise. Due to the transition of the Ukrainian economy to market relations, the significant expansion of the rights of enterprises in the field of financial and economic activity, the role of timely and qualitative analysis of the financial condition of enterprises, assessment of their liquidity, solvency, financial stability and finding ways to increase and strengthen financial stability, improvement of enterprises and leaving them out of crisis.

OBJECTIVE

The purpose of the article is to analyze the methodical aspects of financial and economic activity of enterprises and the main financial and economic indicators of the company's activity, on the example of Boryspil Airport.

RESULTS

The analysis of economic literature shows that there are various interpretations of the essence of the financial state and the definitions of financial stability, the financial position of the enterprise, the lack of a common opinion on grouping and the way to calculate the indicators of financial status.

Financial analysis involves the study of important aspects of monetary turnover and the adoption of measures to consolidate the financial and economic state of the business entity. Stable financial condition of the enterprise means timely fulfillment of obligations to its personnel, partners and the state, which implies financial stability, normalization of the payment and creditworthiness, and profitability of assets, equity and sales.

In the process of financial analysis, select and evaluate criterion indicators, using them to make sound financial and investment decisions, taking into account the individual characteristics of the business entity. The parameters obtained as a result of analytical work should be evaluated from the point of their compliance with the recommended (normative) values, as well as the conditions of the activity of a particular enterprise.

Indicators (financial ratios) obtained as a result of the analysis of current (operational) activity are used for the purpose of financial planning, forecasting and control.

Often, there are five groups of indicators for the following areas of financial analysis:

1. Analysis of property status. Property condition of the enterprise is characterized by the use of assets (assets) and sources of their formation (liabilities). The source of information for assessing the property status is the balance of the enterprise. In the process of analyzing the asset

and liability balance, indicators of structure, balance dynamics, structural balance dynamics are determined.

2. Analysis of liquidity. The indicators in this group allow us to describe and analyze the ability of an enterprise to meet its current obligations. The basis of the algorithm for calculating these indicators is the idea of comparing current assets (working capital) with short-term payables.

3. Analysis of financial sustainability. With these indicators, the composition of the sources of funding and the dynamics of the relationship between them is evaluated. The analysis is based on the fact that sources of funds differ in terms of cost, degree of reliability, level of reliability, degree of risk.

4. Analysis of profitability. The indicators of this group serve to assess the overall efficiency of investing in an enterprise.

5. Analysis of business activity of the enterprise. Business activity characterizes the level of efficiency of

the use of production and financial resources that affect the financial result of the enterprise.

Indicators of the property status of the enterprise are depreciation of fixed assets ratio and renewal of fixed assets ratio (table 1).

Depreciation of fixed assets ratio in 2015 was 0.57, in 2016 it was 0.59, and in 2017 it decreased to 0.58. Reducing the indicator indicates an intensification of the processes of updating irreversible productive assets, which increases the competitiveness of the enterprise. Renewal of fixed assets ratio increased significantly in 2017 compared to 2016 and amounted to 0.052. In 2015, the ratio was 0.002, in 2016 – 0.003. Such a significant increase is characterized by an increase in the level of physical and moral renewal of fixed assets of the enterprise.

The group of liquidity indicators include: cash ratio, quick ratio, current ratio and accounts receivable and payable ratio (table 2).

Table 1

Property status indicators of Boryspil Airport, 2015-2017

Indicators	Formulas	Normat. value	Years		
			2015	2016	2017
Depreciation of fixed assets ratio	$\frac{\text{Depreciation of fixed assets}}{\text{Initial cost of fixed assets}}$	Decreases.	0,57	0,59	0,58
Renewal of fixed assets ratio	$\frac{\text{Initial cost (rep)} - \text{Initial cost (pr)}}{\text{Initial cost (reporting)}}$	Increases.	0,002	0,003	0,052

Table 2

Liquidity indicators of Boryspil International Airport, 2015-2017

Indicators	Formulas	Normative value	Years		
			2015	2016	2017
Cash Ratio	$\frac{\text{Cash} + \text{Short} - \text{run investments}}{\text{Current liabilities}}$	0,2–0,35	0,68	0,49	0,36
Quick Ratio	$\frac{\text{Current assets} - \text{Inventory}}{\text{Short} - \text{term liabilities}}$	0,6–0,8	1,19	1,11	0,89
Current Ratio	$\frac{\text{Current assets}}{\text{Short} - \text{term liabilities}}$	1 – 2	1,31	1,23	1,03
Accounts receivable and payable ratio	$\frac{\text{Accounts receivable}}{\text{Accounts payable}}$	1	2,35	1,73	1,31

As we can see, the Cash Ratio exceeds the normative value, in 2015 – 0.68, in 2016 – 0.49, in 2017 – 0.36, indicating an extremely high liquidity of the enterprise. In 2016, the Quick ratio was 1.19, in 2016 it was 1.11, in 2017 it was 0.89. This value indicates that the company has fairly liquid working capital for timely settlement of liabilities. The Current Ratio is within the regulatory range (2015 – 1.31, 2016 – 1.23, 2017 – 1.03), indicating a normal solvency state, since current assets are sufficient to meet current liabilities. Accounts receivable and payable ratio was 2.35 in 2015, 1.73 in 2016 and 1.31 in 2017. The indicator is approaching a normative value, which indicates that in this case the company can lend to its buyers at the expense of suppliers. This means that equity is not distracted by customer lending, and these funds may be aimed at intensifying the company's activities.

Table 3 shows the indicators that characterize the financial sustainability of the enterprise.

Own working capital – this indicator indicates that part of the business assets of the business that can be financed by its financial resources. The financial independence (autonomy) ratio indicates which part of the assets an entity can finance at the expense of equity. Maneuverability of equity ratio allows you to determine the share of equity, which is aimed at financing working assets. Financial ratio – indicates the ratio of own and borrowed funds, and the normative value is a unit. The financial stability ratio allows to specify which portion of the assets is funded by long-term financing sources – equity and long-term borrowed financial resources.

According to calculations from table 3, we can conclude that Own working capital decreased significantly in 2017 compared to 2015 (2015 – 303 506, 2017 – 35 524).

This indicates that in the enterprise, part of the funds is reduced to ensure uninterrupted activity at the expense of constant financial resources. This creates a risk of loss of liquidity and stability. The financial autonomy ratio in 2015 was 0.61, in 2016 it was 0.64, in 2017 it was 0.96 and is within the regulatory range. An increase in the indicator indicates that the part of the assets that the company is able to finance at the expense of its own financial resources is increasing. The financial dependency ratio is also satisfactory and decreases – in 2015 the figure was 1.64, in 2017 – 1.44. Maneuverability of equity ratio is positive: 2015-2016 – 0.03, 2017 – 0.01. In 2017, the indicator dropped significantly compared with 2016, indicating that equity and funds raised on a long-term basis are aimed at financing non-current assets,

therefore, to finance working assets, it is necessary to turn to borrowing sources of financing. This leads to a reduction in financial stability. Therefore, we can see that the financial ratio has decreased significantly in 2017 (2015-2016 – 0.08, 2017 – 0.01), low value of the indicator indicates the presence of financial risks in the long run. The concentration of debt capital ratio in 2015 was 0.39, in 2016 it was 0.37, in 2017 – 0.31. Reducing the indicator may indicate an incomplete use of financial and production potential of the enterprise. The financial stability ratio is within the regulatory range as in 2015 – 0.89, and in 2017 – 0.85. The high value of the indicator speaks of good prospects of the company's development, low risk of bankruptcy.

Table 4 shows airport profitability in 2015-2017.

Table 3

Financial sustainability indicators of Boryspil Airport, 2015-2017

Indicators	Formulas	Normative value	Years		
			2015	2016	2017
Own Working Capital	$(Equity + Long\text{-}term\ liabilities) - Non\text{-}current\ assets$	>0	303 506	291 551	35 524
Financial independence (autonomy) ratio	$\frac{Equity}{Total\ assets}$	0,4-0,6	0,61	0,64	0,69
Financial dependence ratio	$\frac{Liabilities}{Total\ assets}$	<2	0,39	0,37	0,31
Maneuverability of equity ratio	$\frac{OWC}{Equity}$	>0,1	0,03	0,03	0,01
Financial (accounting) ratio	$\frac{OWC}{Debt\ capital}$	1	0,08	0,08	0,01
Financial stability ratio	$\frac{Equity}{Long - term\ liabilities}$	0,7-0,9	0,89	0,86	0,85

Table 4

Profitability indicators of Boryspil International Airport in 2015-2017

Indicators	Formulas	Normative value	Years		
			2015	2016	2017
Return on Assets	$\frac{Net\ profit}{Assets\ (average\ annual)}$	>0, increasing	0,075	0,153	0,191
Return on Equity	$\frac{Net\ profit}{Equity\ (average\ annual)}$	>0, increasing	0,131	0,245	0,288
Net Profit Margin	$\frac{Net\ profit}{Revenue}$	>0, increasing	0,276	0,413	0,447

According to the calculations in table 4, we see that all profitability indicators doubled in 2017 compared to 2015. High Return on Assets shows that the whole process of enterprise management has become more effective, since the rate of return on assets is formed under the influence of all the company's activities. Return on Equity also has a tendency to increase: 2015 – 0.131, 2017 – 0.288, which means increasing the company's ability to generate profits to its owners. Net Profit Margin has a high value in 2017 – 0.447 compared with 2016 – 0.276, this indicates a strong market position, value of the service or product of the enterprise, good management.

Below, in table 5 are presented calculations of coefficients characterizing the business activity of the enter-

prise.

Total Asset Turnover indicates the efficiency of using all assets of the company. Return on capital indicates the effectiveness of using fixed assets. Indicator indicates how many services or goods were provided or made with the use of each hryvnia of fixed assets. Inventory Turnover indicates the effectiveness of the current stock management policy. Accounts Receivable Turnover indicates the intensity of the turnaround of debtors' debts before the enterprise. Accounts Payable Turnover – is an indicator of business activity that indicates the number of revolutions that made payables during the year. Equity Turnover indicates the efficiency of the use of capital owners and shows its performance.

Table 5

Business activity indicators of Boryspil Airport, 2015-2017

Indicators	Formulas	Normative value	Years		
			2015	2016	2017
Return on capital	$\frac{\text{Net income}}{\text{Fixed assets (average annual)}}$	Increasing	0,61	0,48	0,63
Total Asset Turnover	$\frac{\text{Net income}}{\text{Assets (average annual)}}$	Increasing	0,36	0,28	0,37
Inventory Turnover	$\frac{\text{Prime cost}}{\text{Inventories (average annual)}}$	Increasing	9,29	8,19	8,13
Accounts Receivable Turnover	$\frac{\text{Net income}}{\text{Accounts receivable (av. annual)}}$	Increasing	3,86	5,18	5,24
Accounts Payable Turnover	$\frac{\text{Prime cost}}{\text{Accounts payable (av. annual)}}$	Decreasing	11,15	10,61	11,87
Equity Turnover	$\frac{\text{Net income}}{(\text{Equity(rep)} + \text{Equity(prev)})/2}$	Increasing	0,47	0,59	0,64

Based on the calculations in table 5, we conclude that Return on capital increased significantly in 2017 (0.63) compared to 2016 (0.48). Indicator indicates an increase in the number of services or goods that were provided or made with the use of each hryvnia of fixed assets. Also, the total increase in Total Asset Turnover in 2017 was 0.37, indicating that the company is using its limited resources more efficiently. In 2015, the figure was 0.36, at 2016 – 0.28. Inventory Turnover has a tendency to decrease: in 2015 the figure was 9.29, in 2017 – 8.13, indicating inefficient inventory management of the company. Accounts Receivable Turnover increased significantly in 2017 – 5.24, in 2016 the figure was 3.86. This high value of the indicator indicates an effective policy of managing relations with suppliers. The Accounts Payable Turnover exceeds the Accounts Receivable Turnover, which indicates that the company uses the funds of the creditors as a source of financing their debtors, while the rest of the money is used by the firm to finance its other operations. Equity Turnover in 2015 amounted to 0.47, in 2017 – 0.64, an increase in the indicator indicates continual optimization of the company's activities in its field.

CONCLUSIONS

The financial condition of the enterprise is a complex concept, which is the result of the interaction of all elements of the system of financial relations of the enterprise, determined by a set of production and economic factors and is characterized by a system of indicators, reflecting the presence, allocation and use of financial resources.

An analysis of the financial status of an enterprise provides qualitative and quantitative information about its activities, which is necessary for many market players.

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