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FINANCIAL STABILITY OF COMPANY AND SOCIAL STATUS OF ITS EMPLOYEES

I. Introduction. In conditions of globalization of economy the questions of analysis and management of the financial state of companies from data of the financial reporting take important place.

In financial analysis of companies research financial reporting takes special place. Unfortunately, for today single point of view towards content and methods of calculation indexes of analysis of balance of companies scientists do not have. In financial analysis of companies research financial stability takes special place. Ukrainian scientists estimate indexes financial stability subjects of economy in different ways. Foreign scientists don't have single point of view. It's serious obstacle in making global comparative analysis financial stability economic subjects of the different countries of the world. But the company's financial stability is influenced by social status of its workers. The stronger the financial stability of the company, the higher the social status of its employees. Therefore, when applying for a job and the work is recommended to investigate the financial condition of the company, including financial stability. To do this, hold the method of analysis.

II. The aim and tasks (objectives) of the research: to develop the system of the organizational stages of making analysis of financial stability of company within outer financial analysis; paying attention opinions about indexes of financial stability of companies to elaborate the classification of indexes of financial stability and to develop general conception their group for companies of the world countries in conditions of globalization; to make a practical example of analysis from data of balance and report about financial results of the Ukrainian company.

III. Results. Basing on examining of world experience and up-to-date Ukrainian practice of examining of the financial stability of company these organizing stages of its global analysis according data balance and report about financial results are proposed:

The first stage — the research of global absolute indexes of the financial stability — positive own capital and having own circulating capital;

The second stage — the research of global relative indexes of the financial stability:

A) indexes of financial stability from data of the form № 1 «Balance»:

1) the global relative indexes of correlative definite groups of balance passive: rate of the financial independence (autonomy, property, concentration of the own capital); rate of the financial dependence (debts, concentration of the indebted capital); rate of the financial risk (financial lifting); part (rate) long-term capital within general capital; rate of the financial leverage or the rate of the financial level; rates of the structure of long-term (permanent) capital; (rate of independence of the long-term capital and rate of dependence of long-term permanent) capital;

2) Indexes correlative of the definite group assets and passive of balance: rate of the financial risk on the base of clear debts, rate of security of non-circulating assets with own capital.

B) indexes of financial stability from data of the form № 1 «Balance», form № 2 «Report about financial results»: level of financial leverage, ratio of debt service on the basis of operational profit; ratio of financial expenses at the expense of a profit from ordinary activity.

Proposed global absolute indexes of the financial stability are given in table 1.

Table 1

GLOBAL ABSOLUTE INDEXES OF FINANCIAL STABILITY
OF THE COMPANY (EXTERIOR FINANCIAL ANALYSIS)

#	Name of Indexes / Methodology of calculating according data of Ukrainian balance
1.	Positive own capital (POC) / Difference between general assets (GA) and general duties (GD): $POC = GA - GD$; POC = currency balance (p.2) »Security of future expenses and payments» + p. III «Long term duties» + p. IV «Up-to-date duties» + p. V «Profits of future periods»
2.	Having of own circulating capital (HOCC) / Difference between own capital (OC), and non-circulating assets (N-C-A), and expenses of the future periods (EFP): $HOCC = OC - N-C-A - EFP$; HOCC = p. I passive balance «Own Capital» — p. I asserts balance «Non-circulating asserts — p. V asserts balance «Expenses of future periods»

Proposed global relative indexes of the financial stability are given in table 2.

Table 2

GLOBAL RELATIVE INDEXES OF THE FINANCIAL STABILITY
OF THE COMPANY (EXTERIOR FINANCIAL ANALYSIS)

№ п / п	Name of indexes	Methodology of calculating according data of Ukrainian balance / Recommended determines of indexes
A) indexes of financial stability from data of the form № 1 «Balance»:		
1 under group of- indexes of passive balance		
1.	Ratio of financial independence (autonomy, property, concentration of own capital) (RFI)	$RFI = GC / IC$, $RFI = \text{Currency p. 1 of passive balance «Own capital»} /$ General currency of balance (line 640) Recommended level is within 70 %, 60: %, 50 %. Recommended limits will be depend from king of activity branch identify, circulating of capital (source of finance and resources), and level of profitability of company.

Table 2, cont.

№ п / п	Name of indexes	Methodology of calculating according data of Ukrainian balance / Recommended determines of indexes
2.	Ratio of financial dependence (debts, concentration of indebted capital) (RFD)	$RFD = IC / GC,$ $RFD = \text{Currency p. III «Long-term duties»} + \text{p. IV «Up-to-date duties» passive balance}$ / General currency of balance (line 640) Recommended level is within 30 %, 40: %, 50 %. Recommended limits will be depend from king of activity branch identify (source of finance and resources), and level of profitability of company.
3.	Ratio of financial risk(financial lifting) (RFR)	$RFR = IC / OC,$ $RFR = \text{Currency p. III «Long-term duties»} + \text{p. IV «Up-to-date duties» passive balance}$ / Currency p 1 passive balance «Own capital» These ones will be depend from the king of activity, circulating of capital (sources of finance and resources), level of profitability of company.
4.	Ratio of financial leverage on ratio of financial lifting(RFR)	$RFL = L-T-I-C / GC,$ $RFL = \text{Currency p. III passive balance «Long-term duties»}$ / Currency p 1 passive balance «Own capital» These ones will be depend from the king of activity, circulating of capital (sources of finance and resources), level of profitability of company
5.	Part (ratio) long term (permanent) capital within general capital (PLTC/GC)	$PLTC/GC = (\text{Own capital} + \text{Long term duties})$ / General capital, $PLTC/GC = (\text{Currency p. I passive balance «Own capital»} +$ $+ \text{Currency p. III passive balance «Long-term duties»})$ / Currency of balance These ones will be depend from the king of activity, circulating of capital (sources of finance and resources), level of profitability of company. (it will be normal meaning 0,9, low critical — 0,75 in western practice)

Table 2, cont.

№ п / п	Name of indexes	Methodology of calculating according data of Ukrainian balance / Recommended determines of indexes
6 Ratio of structure long-term (permanent) capital:		
6.1.	Ratio independence long-term (permanent) capital (RIL-TC)	$\text{RIL-TC} = \frac{\text{Own capital (OC)}}{\text{Permanent (long term) capital (L-TC) or (Own capital (OC) + Long term indebted capital (L-TIC))}}$ $\text{RIL-TC} = \frac{\text{Currency p. 1. PB «Own capital»}}{\text{(Currency p 1. PB «Own capital» + Currency p. III PB «Long term duties»)}}$ <p>These ones will be depend from the king of activity, circulating of capital (sources of finance and resources), and level of profitability of company.</p>
6.2.	Ratio dependence long-term (permanent) capital (RDL-TC)	$\text{RDL-TC} = \frac{\text{Long term indebted capital (L-TIC)}}{\text{Permanent (Long term) capital (L-TC) or (Own capital) (OC) + Long term indebted capital (L-TIC)}}$ $\text{RDL-TC} = \frac{\text{Currency p. III PB «Long term duties»}}{\text{(currency p.1 PB «Own capital» + Currency p. III PB «Long term duties»)}}$ <p>These ones will be depend from the king of activity, circulating of capital (sources of finance and resources), and level of profitability of company.</p>
2under-group of global indexes — indexes correlativity of the definite groups passive and assets of balance		
7.	Ratio of financial risk based on clear debts (RFRCD).	$\text{RFRCD} = \frac{\text{Clear debts (difference between general indebted capital (IC), monetary meanings (MM) and short term deposits (STD))}}{\text{Own capital (OC)}}$ $\text{RFRCD} = \frac{\text{IC} - \text{MM} - \text{STD}}{\text{OC}}$ $\text{RFRCD} = \frac{\text{p. III PB} + \text{p. IV PB} - (\text{page. 230 AB} + \text{page 240 AB}) - \text{page. 500 PB}}{\text{1 p. PB}}$ <p>These ones will be depend from the king of activity, circulating of capital (sources of finance and resources), and level of profitability of company. According the legislation of the country: a) taking out of money in some countries is limited — money transactions are limited б)special bonus due difference between interests. Some countries with low interests rates, company lends money for using credits in uses, with high rates company puts this money.</p>

Table 2, cont.

№ п / п	Name of indexes	Methodology of calculating according data of Ukrainian balance / Recommended determines of indexes
8.	Ratio security of non-circulating assets with own capital (RSN-CAOC)	RSN-CAOC = Own capital (OC) / Non-circulating asserts (N-CA), RIN-CAOC= p. 1 PB «Own capital» / p. 1 AB «Non- circulating asserts» Must be more 1.
B) indexes of financial stability from data of the form № 1 «Balance», form № 2 «Report about financial results»:		
9.	Level of financial leveradge (LFL)	LFL = Speed of net profit increase / Speed of gross profit increase Exceeding of speed of a net profit increase over speed of increase of gross income
10.	Debt service ratio on the basis of operational profit (DSRBOP)	DSRBOP = Profit from operational activity (POA) / Borrowed capital (BK), that presents a sum of long term liabilities (LTL) and current liabilities (CL), or: DSRBOP = POA /BK or: DSRBOP = POA/(LTL+CL), i.e.: DSRBOP = line 100 «Profit from operational activity» f. №2»Report on financial results» / (p. 3 PB + p. 4 PB) Will depend on type of activity, to which branch it belongs to, capital reversibility, (sources of financing and resources), level of profitability of a market participant. Increase of this indicator will be valued positively.
11.	Ratio of financial expenses' settlement at the expense of profits from ordinary activity (RFESEPOA)	RFESEPOA = Profit from ordinary activity before taxes (POA) / Payable accruals (PA), or: RFESEPOA = POA / PA, i.e.: RFESEPOA = sum acc. to the. 170 «Profit from the ordinary activity before taxes» f. № 2 «Report on financial results» / Sum acc/ to the line 140 «Financial expenses» f. № 2 «Report on financial results» or acc. to the line 060 f. № 3 «Report on cash flow» Value of the index should be far more then 1. Otherwise market participant works only to cover financial expenses.

IV. Conclusions. Based on this research the next conclusions can be done:

1) Improved model of organizing stages of analysis of financial stability of enterprises was developed. The next stages of analysis with following grouping can be pointed: 1-st stage — research of global absolute indexes of financial stability; 2-d stage — examining of global relative indexes of financial stability: 1) indexes of relativity of definite groups passive balance: 2) indexes of relativity of definite groups asserts and passive balance: ratio of financial risk based on clear debts, ratio of security non-circulating asserts with own capital; 3) indexes of financial stability from data of the form № 1-m «Balance»», form № 2 «Report about financial results»;

2) the conception of classification of global absolute and relative indexes of financial stability of company according data of the form № 1-m «Balance»», form № 2 «Report about financial results»;in conditions of modern informative economy was developed;

3) the methodology of determining of global and relative indexes of financial stability of company was represented;

So, according world experience and Ukrainian theory and practice of financial analysis of subjects of economy recommended global indexes for global analysis of financial stability of company based on the data of balance, help to eliminate the confusion in the methodology of analysis, and understand better its results, understand the reasons of differences and changes of financial stability level. The stronger the financial stability of the company, the higher the social status of its employees.

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CORPORATE SOCIAL RESPONSIBILITY AS THE FACTOR OF COMPANY'S COMPETITIVENESS

Much has been written on corporate social responsibility. This economic category was explored by Macignan, Ferrell and Hult (1999), Freeman (1984), Porter (2006). The special attention was given to the synergy effect of combining CSR and company's competitive advantages.