

*approaches to defining the essence of equity, which have allowed the author to form her own definition of the term "equity," have been considered; according to the author: "equity is the amount of advanced capital of an enterprise, i.e. the capital that must be invested in activities in order to obtain the first results (revenue) and net assets of the enterprise." The order of display of information on availability of and changes in equity in the accounting system has been considered. Practical recommendations on the use of analytical accounts to the account 43 «Reserve capital» have been provided.*

*The author has noted that the development of an enterprise requires, first of all, mobilization and efficient use of equity, which ensures financial stability and sufficient solvency of the enterprise. This, in turn, requires evaluation of efficiency of the use of equity in terms of both its individual elements and overall. In order to determine the efficiency of the use of equity, the author has suggested conducting a financial analysis of performance of the enterprise using the following indicators: the indicator of financial stability; the business activity (turnover) indicator; the cost effectiveness indicator; and the capital payback indicator.*

*Necessity of equity accounting management in the company has been established. Enterprise-wide capital management can be organized by type of activities or by the amount of capital indicators.*

**Originality.** *The novelty of this study is provision of practical recommendations on equity accounting for the purposes of effective enterprise management.*

**Conclusions.** *The author suggests opening the following analytical accounts for the "Reserve capital" account at enterprises: the profit used for dividend payments; the profit reinvested into the authorized capital; and the profit used for replenishment of the reserve capital. For the purposes of efficient equity management at enterprises, the author has suggested organizing and maintaining an equity management accounting at the enterprise.*

**Keywords:** *accounting; equity; registered capital; reserve capital; unpaid capital; retained earnings (uncovered loss); financial statements.*

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## **DETERMINANTS OF MANAGEMENT OF AGRICULTURAL ENTERPRISES FINANCIAL RESULTS**

**Abstract.** *In the article the factors impact on financial results for the relevant formation of the system of financial results of agricultural enterprises are analyzed. The influence of legislative and regulatory reforms, public policy, economic, social and environmental factors on forming of agricultural enterprises financial results is determined. Among the internal factors highlighted: resources for production and qualification of their personnel; the process of effective information provision of financial results formation, including the accounting system and accounting policies; system management costs, including optimization of their size and structure, as well as analysis of relations "cost - volume - profit". Attention is paid to the fact that certain internal factors affect the formation of financial results of agricultural enterprises, special consideration is given to these factors in the system of management. Emphasized that the financial results of agricultural enterprises usually are formed simultaneously under the influence of complicated economic processes and phenomena. Proved that the construction of financial results effective system should not only consider a systematic approach, but also display a synergistic effect.*

**Keywords:** *financial performance; control system; external factors; internal factors influence; costs; profits; the formation of management accounting; synergetic effect.*

**Problem in general.** Agricultural activities differ substantially. That includes the size and specialization of the company, its purpose, logistics, business location and more. These factors definitely influence the formation of financial results of agricultural enterprises. The process of financial results gaining is associated with decision-making for the company tactical and operational goals achieving. These solutions manufacturer accepts under the influence of many factors: economic, social, political, etc. Thus, it's important to take into account special factors in the formation of financial results in building of management effective system.

**Analysis of recent sources of research and publications.** Since profit is the main goal of the creation and operation of the business, as well as means to achieve strategic objectives, various aspects of the research problem dealing with the system management shaping positive financial results of agrarian company found depiction in the works of many scholars. Traditional internal and external factors forming financial results support O.J. Kostyshyna [5], R.M.Tsigan, O.S. Savchenko [10], L.A. Polyvana [8], E.A. Kuznetsova [6], V. Danilchenko [3] and others.

It should be emphasized that the impact of factors, both external and internal, faces any agricultural enterprise. According to L.A. Polyvana [8] environmental factors – are objective factors which are independent of the company, and internal environment factors – are factors that depend on the enterprise. Indeed, entities that seek possibility to carry out productive activities effectively are not able to influence these factors. But the effective leader should include the ability to anticipate the impact of some of them and be ready to respond. We are of the same view as E.A. Kuznetsova [6] who states the fact that the research component of the internal environment should be able to evaluate possibilities of enterprise to respond quickly to competitors' actions, involving cash reserves and using other opportunities. In agricultural enterprises a situation often occurs when managers realize the importance of an effective control system, but have no practical skills in this regard. In the research covered issues enough to incorporate factors in the formation of financial results, both external and internal, the development of efficient management of financial results in the agricultural enterprise, which determined the choice of research topic.

**The article is** to study the factors that must be taken into account in the construction of financial results efficient management in the agricultural enterprise.

**The main material research.** In every day practice any company deals with the factors that affect the value of financial results. E.A. Kuznetsova argues that the study of environmental factors makes it possible to foresee threats that appear on the market, to respond to them immediately and to develop measures that can not only take into account these concerns, but avoid them getting out of this situation with some benefits [7]. We support M.I. Ishchenko [4] who assures that in the process of obtaining financial and economic performance the need to determine primary factor in this process is very important. Especially when it goes about the impact of enterprise which creates its principles of entrepreneurial activity in a particular field and stimulates flows of financial capital investing them in the business development. Or the situation can be as follows when the enterprise can adjust the demand for their products and therefore first of all place its resources for production and training of its staff.

Among the external factors should be the following [1, 2, 3, 5, 6, 8]:

- Legal regulation of agricultural enterprises information support, which controls the impact display not only of external or internal factors. In particular, changes in provisions (standards) accounting are displayed in order to record the appropriate size of costs and revenues, which form the financial result; changes in tax legislation are displayed in the system of agricultural enterprises taxation and so on;

- Public policy, which defines the status and direction of internal reforms; development priorities of the country and its stability; the country's participation in world integration processes; areas of foreign policy. State policy, in turn, determines the appropriate level of inflation in the country, purchasing power of the population, the level of state support in the form of grants and subsidies;
- Economic factors of agricultural producers, including the level of the economy as a whole and its individual sectors; investment attractiveness of the country; state taxation and support of strategic industries; wages in the country, region, sector, etc;
- Social factors, particularly unemployment rate in the country; structure of the labor force; the quality of the qualification of the workforce; the ratio of different categories of employees; the price of labor in the country, in the region, in each industry sector; the level of society; solvency of the population, which to some extent depends on the financial results of enterprises;
- Natural factors, among which it is advisable to allocate climatic conditions and environmental component. It is meant revenues and expenses related to the freezing of crops, drought, hail, rainstorms, hurricanes, floods, fires, infectious diseases of livestock and poultry and so on. Emergencies for agricultural enterprises phenomenon, unfortunately, familiar. This situation requires effective solutions to prevent such negative events. Besides, specific amount of the financial results provides certain amount of available resources needed to implement natural agricultural production aimed at environmental protection, soil fertility, the quality of it for future generations. The environmental component of the agricultural enterprise management aimed at maintaining an optimal state of the ecosystem on the social, environmental and economic levels.

Unfortunately, it's difficult to direct external factors in the way desired for the chosen development strategy. The influence of external factors leads to the emergence of chaotic connections between subsystems of management system as well as the emergence of a fundamentally new quality product – the effective management system. Or vice versa – external factors can cause a negative effect on the business, and this effect should also be taken into account when building a system of financial results. External factors necessitate control system for agricultural enterprises to adapt to the requirements of the present, and consequently, affect the occurrence of internal factors.

According to O.J. Kostyshyna [5], there are following features that define the character of the enterprises profits: adequacy of human resources, professional and qualification of personnel, etc. We consider it appropriate to specify that these factors do not have a particular impact in the context of operations, that is obtaining financial result of production and sales. This factor plays an important role in the construction and operation of an efficient system of agricultural enterprise financial results.

The same underlines V. Danilchenko [3], because financial management system of domestic enterprises is still in its infancy. Nowadays it doesn't meet new conditions, doesn't possess strategic approach but still applies conservative management – many managers have low qualifications and a significant number of leaders are incompetent. These characteristics of leaders and managers in general lead to inefficient management of financial and economic activity of enterprises, They are responsible for making wrong decisions high probability of which is provided by the lack of necessary skills in market conditions.

Moreover, it should be noted that the competence of managers as individual units adversely affects the marketing policy of the enterprise – one of the components of the financial results in the enterprise. The financial results of agricultural enterprises depends on the volume of production and sales of products. The price of the products is influenced by supply and demand. Enterprise can not directly influence these factors, but it must take them into account as much as possible. Therefore, it is in the competence of heads of departments to raise production and sales

process efficiency depending on optimized production volumes and sales, and hence to provide the desired and expected financial results of agricultural enterprises.

O. J. Kostyshyna [5] proves that agricultural enterprises necessarily should possess comprehensive accounting process management. O. P. Ratushna [9] describes features of the system of financial results accounting. The scientist considers the following major subsystems: operational, managerial and financial accounting, which are formed within the information statement. Records management provides the initial design of business transactions for acquisition of income and expenditure both reflected in accounting registers. Management subsystem provides a definition of the company main results (production and sales). Financial subsystem combines the results obtained from the principal activity of the enterprise (that is a generalized result in management accounting) and the results of other normal activities.

Given the above, it can be argued that the construction of financial results supposes effective information provision process. As a tool to obtain accurate, properly processed and prepared for the management information on financial and economic activity of enterprises serves an accounting system. Investigation of financial results formation and their display in the account leads to the conclusion that the organization of financial results accounting primarily starts with defining the rules and methods of accounting policies. It provides company with the effective accounting policy. It is the main tool performing a regulatory function – by selecting mechanisms needed to operate the accounting system effectively, bringing it into effect, the legal and other regulation under specific conditions. The objects on the formation of accounting policy and accounting of financial results are income, expenses and financial results of the actual elements. They include a set of methods and accounting procedures for the calculation of financial results of the company. Elements of the accounting policy at the same time relates to any and all objects of accounting and therefore affect the financial results.

Components of the accounting policies that determine a procedure for collecting and compiling information on revenues, expenses, gains (losses) must meet the needs of the financial information users, including managers and business units, and the enterprise as a whole. Thus, we should note that accounting policies are one of the factors in the formation of internal management financial results.

Financial results of any enterprise are determined by comparing the costs and revenues of the company. R. M. Tsigan and O. S. Savchenko [10] noted that in order to increase its efficiency each company must control costs (a policy of optimizing costs) to prevent the excess of their income. Indeed, in terms of socio-economic relevance of crisis-related decline the price of products and production processes costs increase significantly. The lack of optimal structure of production costs alongside with regulations that set the level of rationality of their formation in agriculture lead to increased costs, and thus constitute a problem not only for producers but also for consumers.

The low level of solvency of domestic consumers encourages producers seek the ways to reduce production costs. The process concerning minimization of production costs should be considered separately from the issue of profit maximization. However, the process of governance itself must combine these two aspects of the production process. Thus, the company independently affects the process of formation expenses, financial results and competitiveness. That is why speaking about governing management costs the key question is the definition of a rational structure of production costs, finding ways to reduce production costs and to develop measures for their implementation.

The amount of income, other than price levels, can be influenced by restructuring costs of production and its volume. The relationship between the volume of production, fixed and variable costs and profit rate expresses leverage. Operating leverage is a mechanism of enterprise profit counting depending on changes in value of fixed and variable costs and

production volumes. Size leverage shows the percentage change in revenue by changing the output by 1%. The higher the value leverage is, the more sensitive to income changes in output are. We consider that for agricultural enterprises it is very important to study the nature of the manifestation of this pattern. Analysis of relationships "cost – volume – profit" is one of the most effective means of planning and forecasting of the company development. It helps to optimize the proportion between variable and fixed costs between price and volume of products realization, and consequently, to predict financial performance [7]. Thus, in the management of financial results we believe it is appropriate to take into account such factors as the size and cost structure and production capacity, as well as their relationship with the financial outcome.

As you can see from the above, external factors are closely intertwined with the internal. For example, poor economic situation determines the appropriate level of solvency of the population, which affects the demand for manufactured products of the agricultural sector. Today demand for the products is formed depending on the level of prices. As for financial results of the enterprises they are determined depending on the level of actual costs spent for goods producing that people with their low pay try to consume. Consequently, all factors forming the system of financial results of agricultural enterprises (both external and internal) are constantly in interaction and complementarity.

By organizing and isolating separate factors one should be aware that the financial results of agricultural enterprises are formed simultaneously under the influence of complicated economic processes and phenomena. Moreover, the factors listed above can not be divided into major and minor, their influence is manifested not in isolation but systematically. During separate time intervals the force of various factors impact changes, the effect of some factors increases or decreases the influence of others, significantly changing the degree of influence of different factors depending on the stage of other impacts. Therefore, the construction of effective system of financial results should not only consider a systematic approach, but also display a synergistic effect (fig. 1).

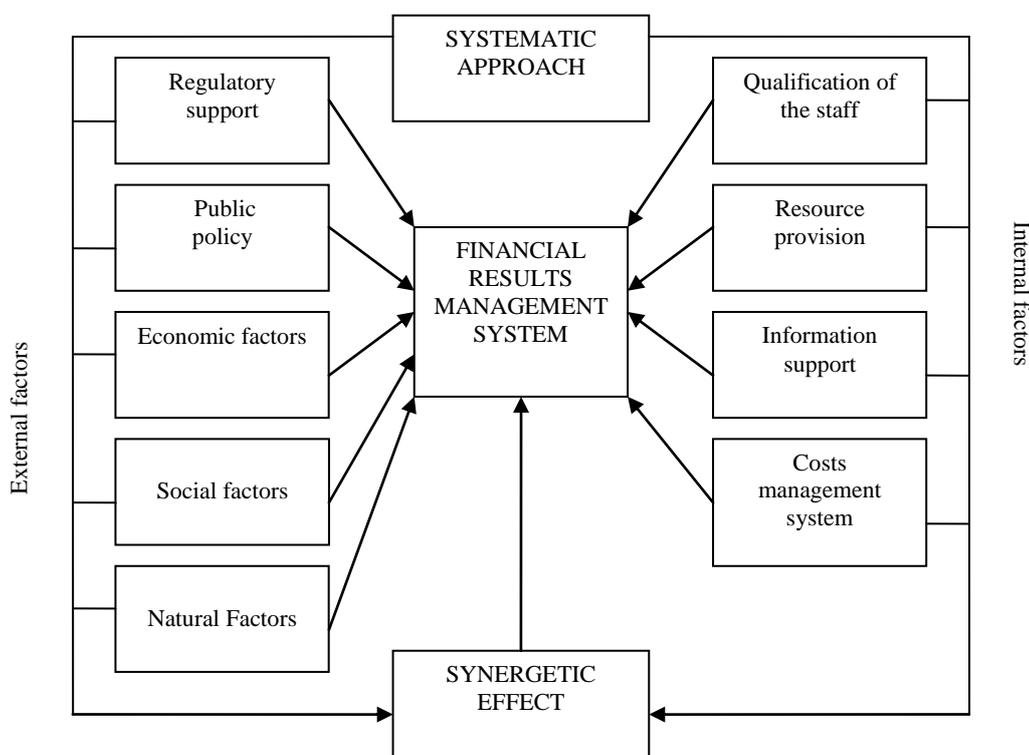


Fig. 1. Determinants of management of agricultural enterprises financial results

Synergetic approach implies the existence of many ways of development of the financial result in the agricultural enterprise. Therefore there exists necessity to find areas of management that would be compatible with its own external factors and synergetic structure of the enterprise governing.

**Findings from the research and prospects for future investigation.** Factors causing some changes in decision-making to optimize performance of agricultural enterprises were revealed. In particular, managers should not only analyze this impact, but also adjust to the manifestations of this influence, somehow forming their decisions. Only a systematic and synergetic approach in the management of the financial results takes into account the totality of all factors and therefore is able to improve economic efficiency of agricultural enterprises. Analysis of the synergies impact during the build-up process of the financial results will develop a strategy for their improvement, which would maximize profitability for existing financial and material resources. Further research should obligatory focus on the development of the agricultural company strategic management with regard to the manifestation of synergies.

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#### **DETERMINANTS OF MANAGEMENT OF AGRICULTURAL ENTERPRISES FINANCIAL RESULTS.**

**Abstract. Introduction:** *The process of financial results gaining is associated with decision-making for the company tactical and operational goals achieving. These solutions manufacturer accepts under the influence of many factors: economic, social, political, etc. Thus, it's important to take into account special factors in the formation of financial results in building of management effective system.*

**Purpose:** *to study the factors that must be taken into account in the construction of efficient management of financial results in the agricultural enterprise.*

**Methods:** *logical and comparative analysis, method of grouping.*

**Results:** *In every day practice any company deals with the factors that affect the value of financial results. The influence of external factors leads to the emergence of chaotic connections between subsystems of management system as well as the emergence of a fundamentally new quality product – the effective management system. Or vice versa – external factors can cause a negative effect on the business, and this effect should also be taken into account when building a system of financial results. External factors necessitate control system for agricultural enterprises to adapt to the requirements of the present, and consequently, affect the occurrence of internal factors. All factors forming the system of agricultural enterprises financial results (both external and internal) are constantly in interaction and complementarity. By organizing and isolating individual factors, it's necessary to be aware that the financial results of agricultural enterprises formed simultaneously under the influence of complicated economic processes and phenomena. Moreover, the factors listed above can not be divided into major and minor, their influence is manifested not in isolation but systematically. During separate time intervals the force of various factors impact changes, the effect of some factors increases or decreases the influence of others, significantly changing the degree of influence of different factors depending on the stage of other impacts. Therefore, the construction of effective system of financial results should not only consider a systematic approach, but also display a synergistic effect. Synergetic approach implies the existence of many ways of the financial results development in the agricultural enterprise. Thus, there exists necessity to find areas of management that can be compatible with its own external factors and synergetic structure management in the enterprise.*

**Originality:** *Only a systematic and synergetic approach in the management of the financial results will take into account the totality of all factors thereby improve economic efficiency of agricultural enterprises. Analysis of the synergies impact during the build-up process of the financial results will develop a strategy for their improvement, which would maximize profitability for existing financial and material resources.*

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