

**A GENERAL ASSESSMENT OF THE DEBT CAPITAL OF THE RUSSIAN
VENTURE COMPANY ACCORDING TO ITS FINANCIAL STATEMENT:
A UKRAINIAN METHODOLOGY OF ANALYSIS**

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Introduction. With the modern developments of the world economy, the issues of the development of national innovation systems are of particular importance. Russia now is a mega-state influencing the development of different national economies. However, there has been a decline in its innovative position in recent years due to the lack of financial resources in the innovation field. A possible way out of this situation is the creation and effective use of venture capital structures in Russia. It is important to study the financial position of venture capital companies according to their financial statement. Analysis of the company's debt capital has a special place in the study of its financial position. Important issues are studying the debt capital of Russian companies using modern Ukrainian financial analysis techniques, hence the relevance of the chosen subject of research.

Aim. The aim of the article is to study the debt capital of the Russian Venture Company (RVC) according to its financial statement on the basis of the latest achievements of the Ukrainian methodology of financial analysis.

Materials and methods. According to the RVC official website and the annual financial report, we will provide a general assessment of RVC's debt capital for the year 2018 [1]. In our analytical research we will use the latest achievements in the

Ukrainian methodology of financial analysis, which have been tested in the Russian Federation, Belarus, Kazakhstan, Monaco, Japan, Italy and the USA [2-9]. Central to external financial analysis in the study of debt capital is the balance sheet as the main information base on the financial position of the company supplemented by the Notes to the balance sheet and the statement of financial performance [1].

The main methods of debt capital analysis according to the financial statements are: general scientific methods – analysis, synthesis, logical and historical approach, induction, deduction; special financial-analytical methods – absolute and relative values, comparison, grouping, cost measurement, tabular, graphical, generalization .

Results and discussion. It should be noted that, according to the National Accounting Standard #1 “General Requirements for Financial Statements”, the Ukrainian Form # 1 has the name “Balance (Statement of financial position)”. Its corresponding Russian form is entitled “Balance Sheet”, however the Ukrainian form is more precise in matching its purpose.

Debt capital analysis according to the financial statement is rather a controversial issue. The place of RVC’s debt capital in the sources of funding in 2016-2018 is shown in Table 1.

The total funding of RVC JSC for 2017 increased by 4 057 004 thousand rubles (11%). This was due to a significant growth of debt capital by 3 893 474 thousand rubles (689%, almost 8 times) and a slight increase in equity and its equivalent capital by 163 530 thousand rubles (1%).

Accordingly, changes occurred in the dynamics of RVC’s total capital structure of the RECs, with the share of equity significantly prevailing: 98% on December 31, 2016; 89% on December 31, 2018 and 94% on December 31, 2018. The share of the debt capital in the structure is: 2% on December 31, 2016; 11% on December 31, 2017 and 6% on December 31, 2018.

The situation with the funding sources changed fundamentally in 2018. The total funding of RVC JSC for 2018 decreased by 2 554 714 thousand rubles (6%), which was due to a significant reduction in debt capital by 2 248 926 thousand rubles (50%) and the decrease in equity and its equivalent capital by 305 788 thousand

rubles (1%). In general, such dynamics of funding sources in 2018 is viewed as negative because of their overall reduction.

Table 1

The place of RVC's debt capital in the sources of funding in 2016-2018

Sources of funding	On 31.12.2016	On 31.12.2017	On 31.12.2018	Difference (+,-)	
				between 31.12.2017 and 31.12.2016	between 31.12.2018 and 31.12.2017
Total capital (balance currency), thousand rubles	36 646 691	40 703 695	38 148 981	+ 4 057 004	- 2 554 714
Of it:					
Equity and its equivalent capital (capital and reserves) :					
- thousand rubles	36 081 246	36 244 776	35 938 988	+ 163 530	- 305 788
- % of the total capital	98	89	94	- 9	+ 5
Debt capital (long-term and short-term liabilities):					
- thousand rubles	565 445	4 458 919	2 209 993	+ 3 893 474	- 2
- % of the total capital	2	11	6	+ 9	248 926 - 5

Consider RVC's debt capital in detail. An estimate of the dynamics of RVC's debt capital composition and structure in 2016-2018 according to the balance sheet is shown in Table 2.

During 2017 the debt capital increased by 3 893 474 thousand rubles (689%, almost 8 times), which was only due to a significant increase in short-term liabilities by 3 893 388 thousand rubles (690%, almost 8 times) and a slight increase in long-term liabilities by 86 thousand rubles (6%). In 2018 the situation with the debt capital changed radically.

Table 2**Dynamics of the composition and structure of RVC's debt capital**

Kinds of debt capital	On 31.12.2016	On 31.12.2017	On 31.12.2018	Difference (+,-)	
				between 31.12.2017 and 31.12.2016	between 31.12.2018 and 31.12.2017
Total debt capital, thousand rubles	565 445	4 458 919	2 209 993	+ 3 893 474	- 2 248 926
Of it:					
Long-term liabilities (deferred tax liabilities): - thousand rubles - % of the debt capital	1 347 0,2	1 433 0,1	2 402 0,1	+ 86 - 0,1	+ 969 -
Short-term liabilities: - thousand rubles - % of the total capital	564 098 99,8	4 457 486 99,9	2 207 591 99,9	+ 3 893 388 + 0,1	- 2 249 895 -

The debt capital decreased by 2 248 926 thousand rubles (50 %). This was due to the reduction of the short-term liabilities by 2 249 895 thousand rubles (50%), with the long-term liabilities increased by 969 thousand rubles (67%). According to RVC's balance sheet, its long-term liabilities in 2017 and 2018 consisted of deferred tax liabilities only (line 1420). The short-term liabilities in 2017 and 2018 consisted of accounts payable (line 1520), deferred income (line 1530), and estimated liabilities (line 1540).

The short-term liabilities hold the largest share in the debt capital – 99,8 % as of December 31, 2016 and 99,9 % as of December 31, 2017 and December 31, 2018 respectively. We should note that the data at the end of the previous reporting period is also the data at the beginning of the next reporting period. So, we can view them as the data on January 1, 2017; on January 1, 2018 and on January 1, 2019 respectively (Fig. 1).

Such a structure of debt capital testifies to the strengthening of RVC's financial stability through the overwhelming share of short-term liabilities compared to the share of long-term liabilities in the composition of debt capital.

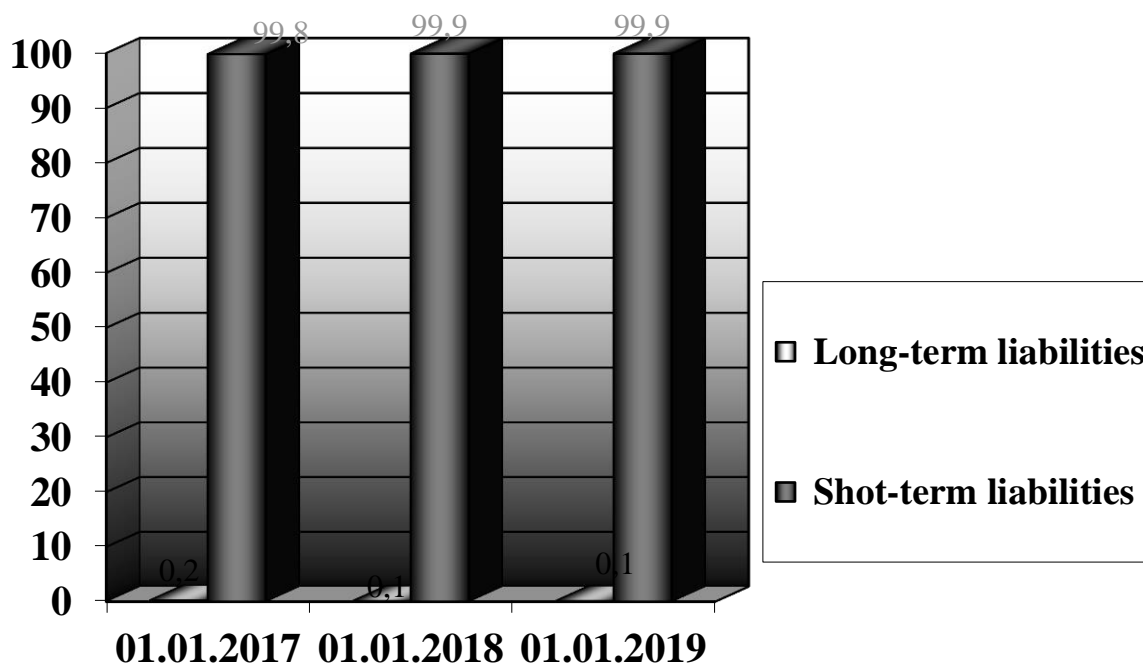


Fig. 1. Dynamics of RVC's debt capital structure

The structure of the debt capital remained virtually unchanged over time (Fig. 1). However, the company is financially stable. The coefficient of financial dependence (debt) was: as of December 31, 2016 – 0,2%, as of December 31, 2017 – 0,1%, as of December 31, 2018 – 0,1%. These figures, which are very low, show a high financial independence of RVC.

Conclusions. Thus, the results of the study allow us to make the following conclusions: the total funding of RVC JSC during 2017 increased, which was due to a significant increase in debt capital and a slight increase in equity; in 2018, the total financing of RVC JSC, on the contrary, decreased due to a significant reduction in debt capital and the decrease in equity; the debt capital grew in 2017, driven by a significant increase in short-term liabilities and a slight increase in long-term liabilities; in 2018 the situation with the debt capital changed profoundly: the debt

capital on the contrary decreased, which was due to the reduction of short-term liabilities, with the long-term liabilities grown; the debt capital structure remained virtually unchanged over time; RVC is financially sustainable and has a high financial independence as evidenced by the dynamics of the low financial dependence (debt) ratio.

Further research will focus on deeper studies of current (short-term) liabilities and accounts payable according to the financial statements of venture companies using the latest achievements of the Ukrainian methodology of financial analysis.

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