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A GENERAL ASSESSMENT OF THE RECEIVABLES OF THE RUSSIAN VENTURE COMPANY ACCORDING TO ITS FINANCIAL REPORT: A UKRAINIAN METHODOLOGY OF ANALYSIS

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In a digital economy, the issue of developing national innovation systems is of particular importance. Russia is a rather developed country, so it is quite interesting to study its innovative activity. However, there has been a decline in its innovative position in recent years due to the lack of economic and financial resources in the innovation field. A possible way out of this situation is the creation and effective use of venture capital structures. It is important to study the financial position of venture capital companies according to their financial reports. Central here is the analysis of the statement of financial position – the balance sheet of the enterprise. A balance sheet represents a picture of an entity's financial position. It is an annual and interim form of financial report.

An important place in the study of financial position is the analysis of the company's receivables according to its financial report. Such kind of information is important for various users of external financial analysis, hence the relevance of the chosen subject of research.

The purpose of the article is to study the receivables of the Russian Venture Company (RVC) according to its financial report on the basis of the latest achievements of the Ukrainian methodology of financial analysis.

According to the RVC official website and the annual financial report, we will provide a general assessment of the accounts receivable of RVC 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, USA [2 - 7].

The balance sheet as the main information base on the financial position of the enterprise is central to the study of its receivables. It is supplemented by the Notes to the balance sheet and the statement of financial performance [1].

Let us analyze the dynamics of the composition and structure of receivables according to the balance sheet assets of "RVC" JSC.

In our previous publications, we have analyzed the dynamics of the composition and structure of RVC's economic assets (balance sheet assets) and their sources of funding (balance sheet liabilities) according to the 2018 balance sheet.

The place of RVC's receivables in the 2018 current assets is shown in Table 1.

Table 1

The place of RVC's receivables in the current assets in 2018

№	Kinds of Current Assets	At the beginning of the reporting period		At the end of the reporting period		Difference (+, -)	
		thousand rubles	proportion, %	thousand rubles	thousand rubles	thousand rubles	proportion, %
A	B	1	2	3	4	5	6
1	Inventory	115	0,01	2 826	0,02	+ 2 711	+ 0,01
2	Accounts receivable	4 590 954	16,81	1 628 350	14,32	- 2 962 604	- 2,49
3	Financial investments	5 918 000	21,67	-	-	- 5 918 000	- 21,67
4	Cash and cash equivalents	16 788 513	61,49	9 718 650	85,48	- 7 069 863	+ 23,99
5	Other current assets	2 985	0,01	19 685	0,17	+ 16 700	+ 0,16
6	Value added tax on acquired values	12	0,01	20	0,01	+ 8	-
7	Total current assets	27 300 579	100,00	11 369 531	100,00	- 15 931 048	*

The current assets of RVC JSC decreased by 15 931 048 thousand rubles (58%). This was due to the reduction of cash and cash equivalents by 7 069 863 thousand rubles (42%), complete elimination of short-term financial investments in the amount of 5 918 000 thousand rubles (100%), reduction of the accounts receivable by 2 962 604 thousand rubles (65%) given the increase of other current assets by 16 700 thousand rubles (5,5 times), inventory – by 2 711 thousand rubles (23,5 times) and the value added tax on the acquired value – by 8 thousand rubles. Both at the beginning and at the end of the year, the share of cash and cash equivalents in the structure of current assets is predominant – 61,49% and 85,48% respectively. It also increased over time by 23,99% (Fig. 1).

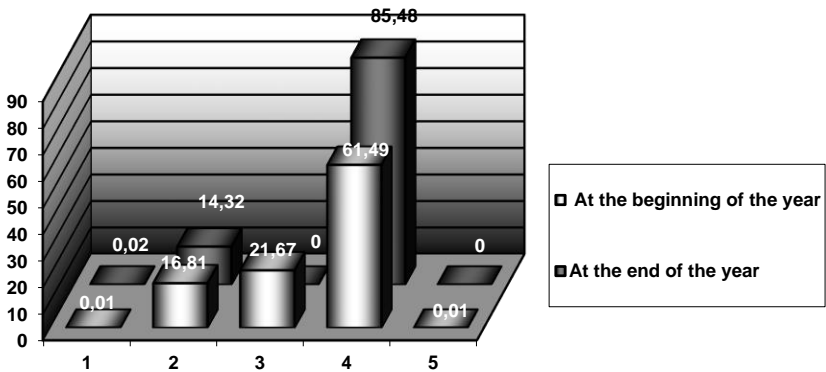


Fig. 1. Structure of RVC's Current Assets for 2018:

1 – inventory; 2 – receivables; 3 – financial investments;
4 – cash and cash equivalents; 5 – other current assets

Apart from the cash and cash equivalents, the financial investments (21,67%) and accounts receivable (16,81%) stand out in the structure of current assets at the beginning of the year. At the end of the year, the receivables stand out (14,32%). The other components occupy a small place in the structure of mobile assets. The reduction in the accounts receivable is assessed positively, as it indicates the return of funds to the RVC's turnover.

In the Russian balance sheet, the composition of receivables as current assets is reflected in the following balance sheet items: accounts receivable (code 1230), including: payments with suppliers and contractors, payments with buyers and customers, taxes and charges, expenses on social insurance and social security, staff salaries, payments with accountable persons, payments with various debtors and creditors (short-term debt), payments with various debtors and creditors (long-term debt).

Next it would be advisable to investigate the dynamics of the composition and structure of the receivables according to RVC's balance sheet for the same reporting period (Table 2).

Table 2

Dynamics of the composition and structure of RVC's receivables in 2018

№	Kinds of receivables	At the beginning of the year		At the end of the year		Difference (+, -)	
		thousand rubles	proportion, %	thousand rubles	proportion, %	thousand rubles	proportion, %
A	B	1	2	3	4	5	6
1	Payments with suppliers and contractors	96 752	2,11	169 529	10,41	+ 72 777	+ 8,30
2	Payments with buyers and customers	675	0,01	20 293	1,25	+ 19 618	+ 1,24
3	Taxes and charges	5 194	0,11	5 023	0,31	- 171	+ 0,20

Table 2 (continued)

A	B	1	2	3	4	5	6
4	Social insurance and social security	1 188	0,02	1 650	0,10	+ 462	+ 0,08
5	Staff salaries	1 193	0,03	48	0,01	- 1 145	- 0,02
6	Payments with accountable persons	2	0,01	202	0,01	+ 200	-
7	Payments with various debtors and creditors (short-term debt)	4 431 850	96,53	1 366 753	83,93	- 3 065 097	- 12,60
8	Payments with various debtors and creditors (long-term debt)	54 100	1,18	64 852	3,98	+ 10 752	+ 2,80
9	Total receivables	4 590 954	100,00	1 628 350	100,00	- 2 962 604	*

The accounts receivable of RVC reduced by 2 962 604 thousand rubles (65 %). This was due to paying the short-term debt to various debtors and creditors – 3 065 097 thousand rubles (69 %, i.e. almost 3 times), also (to a smaller extent) due to the expenses on the staff salaries reduced by 1 145 thousand rubles (96 %) and the taxes and charges reduced by 171 thousand rubles (3 %), with the payments to suppliers and contractors increased by 72 777 thousand rubles (75 %), payments to buyers and customers – by 19 618 thousand rubles (2906 %), payments to various debtors and creditors (long-term debt) – by 10 752 thousand rubles (20 %), expenses on social insurance and social security – by 462 thousand rubles (39 %) and payments to accountable persons – by 200 thousand rubles (10 000 %).

Thus, it was the reduction of the short-term debt to various debtors and creditors that played a major role in reducing RVC's receivables. And it is the short-term debt to various debtors and creditors that occupies a prominent place in the structure of RVC's receivables both at the beginning of the year and at the end of it – 96,53 % and 83,93 % respectively, the other components playing a smaller role (Fig. 2). The components whose share does not reach 1 % in the receivables structure are not shown.

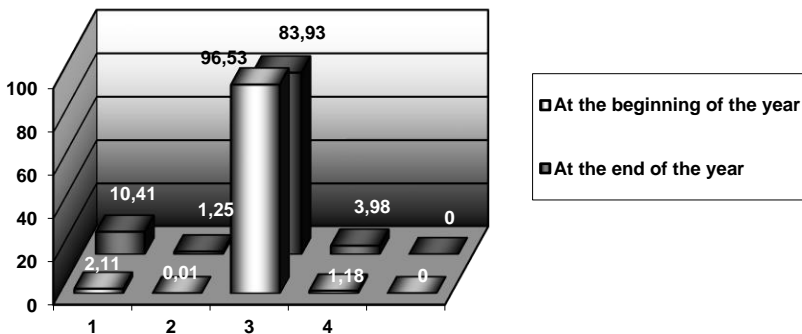


Fig. 2. Structure of RVC's receivables in 2018:

1 — proportion of the payments with suppliers and contractors; 2 — proportion of the payments with buyers and customers; 3 — proportion of the payments with debtors and creditors (short-term debt); 4 — proportion of the payments with debtors and creditors (long-term debt)

Point 6.6 “Characteristics of accounts receivable” of the Notes to RVC’s balance sheet and the statement of financial performance for 2018 presents the description of the receivables (Table 3).

Table 3

RVC’s receivables on 31.12.2018

Debtors	Amount, thousand rubles	Proportion, %
NTI Foundation	1 078 193	66,21
Russia’s Ministry of Finance	225 600	13,85
Skolkovo Foundation	135 800	8,34
Russian Venture Capital I LP	51 930	3,19
ZPIF ORV “Lider-Innovatsii”	34 162	2,10
“KINOVEL”, Ltd	11 925	0,73
California, Ltd	8 756	0,54
“ALFA-BANK” JSC	8 232	0,51
Autonomous non-profit organization “Corporate Network Academy”	7 800	0,48
Russian Venture Company USA Inc.	6 348	0,39
“UNILEVER RUS”, Ltd	6 170	0,38
PAO “MKB”	5 493	0,34
“GRUPPA ILIM» JSC	4 661	0,29
“R.I.M. PN”, Ltd	2 422	0,15
National Research University “Higher School of Economics”	1 710	0,11
“KROS” JSC	1 486	0,09
“PricewaterhouseCoopers”, Ltd	1 140	0,07
Other debtors	27 482	1,69
Taxes and charges	5 023	0,31
Expenses on social insurance and social security	1 650	0,10
Expenses on the staff salaries	48	0,01
Total (line 1230 “Balance sheet”)	1 628 350	100,00

The largest share of the receivables is composed of: cash in the form of a contribution to a non-profit organization in order to support financially the implementation of projects for the purpose of implementation of the action plans (“road maps”) of the NTI Foundation; debt in the amount of interest on the federal loan bonds of the Ministry of Finance of the Russian Federation.

The debt of banks under deposit agreements is significant, because under the terms of agreements, interest is paid by banks on the day of the deposit termination. The debt of KINOVEL, Ltd and California, Ltd was created in accordance with the terms of the non-residential sublease agreement and consists of a cash deposit in the amount of three months office space rent and the office space rent for January 2019. The expenses on the staff salaries are ongoing.

An important global indicator is the turnover of receivables as a ratio of net proceeds to its average value over the reporting period. The net revenue for 2017 amounted to 2,072,038 thousand rubles, for 2018 – 933 833 thousand rubles. The average receivables for 2017 amounted to 3 189 309 thousand rubles ((1 787 664 thousand rubles + 4 590 954 thousand rubles) / 2), and for 2018 it was equal to

3 109 304 thousand rubles ((4 590 954 thousand rubles + 1 628 350 thousand rubles) / 2). The receivables turnover for 2017 was 0,6 turnovers (2 072 038 thousand rubles / 3,189,309 thousand rubles). The receivables turnover for 2018 was 0,3 turnovers (933 833 thousand rubles / 3 109 304 thousand rubles). The duration of one receivable turnover for 2017 was 600 days (360 days / 0,6 revolutions). The duration of one receivable turnover for 2018 was 1 200 days (360 days / 0,3 revolutions).

The indicators of RVC's receivables are rather negative. Moreover, they worsen over time. The duration of one turnover of receivables significantly exceeds the recommended bounds.

Conclusions. The receivables on December 31, 2018 amounted to 14,32% of RVC's current assets or 4,27% of its total assets. The insignificance of the share of receivables in relation to the value of RVC's current assets and its total assets is determined by the amount of financial investments and cash. There is no provision for doubtful accounts receivable, no doubtful debt. The main role in reducing RVC's receivables was played by the reduction of the short-term payments to various debtors and creditors. And it is the short-term debt to various debtors and creditors that occupies a prominent place in the structure of RVC's receivables both at the beginning of the year and at the end of it – 96,53 % and 83,93 % respectively. The largest share of the receivables on 31.12.2018 (66,21 %) was made in the form of a contribution to a non-profit organization in order to support financially the implementation of projects for the purpose of implementation of the action plans ("road maps") of the NTI Foundation. The reduction in RVC's receivables over time is rather positive, but its turnover is extremely low.

Studying the receivables/payables ratio, changes in the company's current obligations are issues of the following research.

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AGRARIAN POLICY OF UKRAINE IN THE CONDITIONS OF GLOBALIZATION PROCESSES AND FINANCIAL AND ECONOMIC CHALLENGES

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The intensification of global globalization and integration processes actualizes the issue of choosing the place and role of Ukraine's agro-food sector in the world economic system. The agricultural sector of Ukraine provides 12% of gross domestic product, 22% of employment and 38% of export value. Sustainable development of the agrarian sector of the Ukrainian economy largely depends on the effectiveness of agrarian policy and the proper participation of the state in its formation and implementation [1, p.3]. Under the current conditions, only the national economy that makes the most of the opportunities of globalization can be competitive. The agrarian sector, like other sectors of the economy, is influenced by globalization, international capital flows and investments, multinational corporations.

The term «globalization» comes from the French «global», which means planetary, inclusive and means a comprehensive process of transformation of the world community into an open holistic system of information-technological, financial-economic, socio-political, socio-cultural interconnections and interdependencies [2, p.126]. Global competitiveness should be pursued by Ukraine through awareness and formation of a national economic multilevel model. Its higher level should include a way to integrate a country into transnational cycles of globalization-accelerated formation. The other level is the mechanisms for integrating the country