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LIQUIDITY ASSESSMENT OF A CONFECTIONERY ENTERPRISE

Assessing the business entity's degree of liquidity occupies an essential place in the analysis of the quality of most of the operating activities of any enterprise. When determining liquidity, the main difficulty is that there are some contradictions in interpreting and calculating its indicators and methods of determining the database and data sources. The use of different approaches, in turn, leads to contradictory results and erroneous conclusions [1, p. 126]. In the work liquidity and solvency as a category of corporate finance have been researched. The differences in interpreting the concepts of liquidity and solvency and the inconsistencies between them and other indicators of the financial state of enterprises have been revealed.

The aim of the work is to determine the degree of liquidity and solvency of the object under study by using various research methods (the ratio analysis, the analysis of the balance sheet and liquidity balancing matrix) and to develop the measures to improve liquidity and solvency of the confectionery enterprise.

Generalization of information from sources [1, p. 132; 2; 3, p. 89–90] allowed to make the expanded list of indicators of liquidity and the general solvency with the indication of optimum limits of indicators. The such indicators have been calculated of the Confectionery Factory «AVK» (Mukachevo) for three years. It was determined that the solvency of business entities is expressed through their balance sheet's liquidity. The classification of the enterprise's balance sheet assets, depending on the liquidity and liabilities of the balance sheet according to their repayment period, has been studied. It was defined that during the period under study the liquidity of the balance sheet was not absolute, there was a deficit of absolutely liquid working assets, the lack of volumes of stocks and finished products, and a significant excess of receivables over accounts payable, and, consequently, the company could not pay its current liabilities.

It was determined that the best way to study the possible risk of unbalanced liquidity is to make a matrix of its balancing. The analysis results confirm the unbalanced liquidity, namely, the lack of own liquid resources and the enterprise's insolvency.

The analysis of liquidity and solvency of the enterprise by different methods repeat and complement each other. The use of the studied indicators in the analysis of the enterprise's liquidity creates a system of criteria for making informed quality management decisions in the field of operational and promising financial and economic activities of the researched enterprise.

The main factors that impact the liquidity and solvency of the enterprise identified and the measures to improve the solvency and liquidity management were suggested.

Such factors that may affect the increase of liquidity and solvency of the business entity are positive credit history of the enterprise, which provides an

opportunity to obtain long-term credit; the possibility of productive investment of free capital; availability of profitable activity; sufficient level of depreciation as an internal source of financing of the enterprise; reduction of receivables of the enterprise and acceleration of its turnover; sale of inefficiently used non-current assets.

Therefore, to improve the management of solvency and liquidity of the investigated enterprise, the following measures are proposed:

- determining the priority of liquidity – in choosing options for investing free financial resources, the company needs to choose the most liquid options;
- constant analysis of liquidity, which will avoid the enterprise's excess needs in liquid assets and their deficit;
- readiness for an emergency regarding the financial situation, i.e., modeling actions of financial and economic nature in case of unforeseen or situations;
- active work with partners and contractors, i.e., maintaining flexible relationships with customers and suppliers promotes, if necessary, the urgent mobilization of the necessary financial resources;
- search for internal sources to improve the object of study's liquidity and solvency, saving available financial resources;
- constant monitoring of the enterprise's main activities and the development of measures to improve the quality of management of inefficient activities;
- optimization of capital structure and control over the ratio of funds owned by the company and its current and future liabilities.

Prospects for further research are to identify the factors that hurt the confectionery industry's liquidity and solvency and develop measures to neutralize their impact.

References:

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3. Melnik T.A. & Lobach K.V. (2016). Liquidity assessment methods [Metody otsinky likvidnosti]. – *[Naukovi zapysky]*. Kirovograd: KNTU, no. 20, pp. 79–93.