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Methodological Aspects of the Analysis of the Assessment of the Equity of an Economic Entity

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Annotation: Equity is an important financial indicator used in the management of business entities. Management decisions are based on the choice of sources of financing activities, determining the possibilities of attracting external own financial resources to increase the efficiency of using equity capital. In the conditions of market relations, it is important to make rational and effective use of available material, financial and other resources.

Keywords: capital, finance, resource, subject, production, competition, business entities

Introduction. Despite the relevance of the issue we are investigating, there is currently no normative formulation of the term "capital", which indicates that the concept is controversial and ambiguous. The opinions of academic economists about the essence of the term itself vary, and from the definitions of the indicator "capital" existing in modern economic literature, in our opinion, none reflects its actual essence.

In a market economy, newly created enterprises independently form their financial and material resources. Such resources are usually created by the founders of an enterprise by contributing their own funds as a share in the authorized capital. The authorized capital is a set of tangible assets, cash and expenses contributed (paid for) by the founders of the enterprise in accordance with the constituent documents to obtain rights and benefits and necessary for the implementation of economic activities of the enterprise.[1]

Literature review. According to Professor Yu.A.Babaev, equity is capital minus attracted capital (liabilities), which consists of a combination of authorized, additional and reserve capital, retained earnings and other reserves (trust funds and reserves).[1]

L. Drobozina believes that the company's equity represents the difference between the amount of assets and the amount of external liabilities of the company. Its value can only be calculated based on the balance sheet data.[1]

Professor K.Y. Tsygankov, having conducted a number of historical and practical studies, came to the conclusion that "the accounting department of economics was originally created to calculate equity, and this particular category of accounting is the main subject of accounting."[2] Despite the relevance of the issue we are considering, currently there is no normative formulation of the term "capital" that would exactly correspond to the standards, which indicates and indicates that the concept is controversial and ambiguous.

Research methodology. The methodology of this article uses methods of analysis and synthesis, scientific abstraction, generalization, and comparative theoretical interpretation. In addition, the scientific basis of the article is international information from the research of scientists in domestic and foreign scientific publications.

Discussions and results. The success of managers and specialists depends on various types of support for their activities: legal, informational, regulatory, technical, etc. Among the key

elements of this system is information support, which should be understood as a set of information resources and ways of organizing them, necessary and suitable for the implementation of analytical and management procedures that ensure the financial situation for improving approaches to assessing the effectiveness of the equity of business entities.

The presentation of the information base is not the only possible or completely exhaustive one. Nevertheless, even such an idea allows us to judge that the information resources in any enterprise are quite extensive. The success of the company's work, as well as the possibility of analytical justification of management decisions, largely depends on the thoroughness of their organization.

All information resources for improving approaches to assessing the effectiveness of the equity capital of business entities can be combined into five large groups:

- information of a regulatory and legal nature.
- information of a normative and reference nature.
- accounting system data.
- statistical data.
- non-system data.[2]

The first group includes laws, resolutions, decrees, that is, documents defining the legal basis of the company's activities. The information in this block must be taken into account, since the documents presented in it are mandatory. In addition, no business transactions, as well as no accounting or analysis system, can be properly implemented without an adequate understanding of the conditions and requirements of the current legal space.

The second group consists of the necessary regulatory documents of government agencies, international organizations and various institutions, including financial ones, containing requirements, recommendations and quantitative standards in the field of finance for market participants. Not all documents in this block are mandatory. In particular, the standards regarding the recognition of the balance sheet structure as satisfactory are rather informational and reference in nature, however, in an analytical sense, these standards play a fairly important role in assessing the financial condition of a possible counterparty.

The third group defines the accounting system as the only systematized information resource. The significance of the individual elements of this block varies. The concept of commercial secrecy does not apply to accounting statements, and commercial organizations of some forms of ownership and types of business are even required to publish their reports. It is this circumstance that determines the importance of accounting statements for evaluating the effectiveness of equity.[4]

The fourth group includes statistical data, which can be conditionally divided into two arrays: centrally generated statistical data and internal statistics. In the first array, you can see that we regularly publish official statistics that have a general economic orientation. The second array accumulates statistical data on the main indicators.

The fifth group represents information resources, conventionally called non-systemic. The meaning of the name is that these data are not rigidly systematized in terms of composition, structure, updates, and are also not mandatory, that is, the formation of this resource and its use is the exclusive competence of the enterprise itself. The main elements of this block are internal operational data and other information from external sources.

Possible changes in the economy as a result of its reform and the development of business activities of organizations lead to problematic situations in the field of formation of accounting and analytical information necessary for managing own capital at the stage of its formation and use. The management process requires the development of methodological tools for economic analysis that facilitate the collection and processing of data necessary for making managerial

decisions on equity in general and individual components [3]. The analysis methodology is aimed at to study the elements of equity according to accounting and statistical reports [4], accounting registers in order to evaluate them in the current period, and also contributes to the development of long-term planning and forecasting of the organization's strategy in relation to equity.

In management activities, it is necessary to have knowledge of equity, to know the terminology, to define capital as the most important economic category, the basis of the activities of any business entity. It represents a set of assets, rights and funds necessary for organizations to carry out their statutory activities, cover losses, and create new types of property [6].

The development of the methodology of equity analysis requires a comprehensive study of its concepts and categories [5]. The concept of "capital" originated from the Latin word capital – main. It is considered a special factor of production and combines production resources, including machine tools, equipment, tools, the latest technologies and developments, software products created by people in order to produce economic benefits through their use in order to maximize the company's profits.

This definition contains the following three points:

1. Capital is characterized as resources created by people. This is its difference from the earth factor, which is a resource created by nature.
2. Capital is determined by the items used for production activities. Shoes, food, personal cars, and other consumer goods, although created by humans, are not used in production and are not considered capital.
3. The purpose of the production process using capital is to make a profit.

Capital gives the modern economy the following characteristic features:

1. the technological (industrial) nature of development;
2. specialization and cooperation of the social production process;
3. large-scale production and large enterprises in the economy.

The distinctive features of capital include its ability to reproduce its volume on an expanded scale. The phenomenon of expanded reproduction is emphasized by representatives of all leading economic schools and trends.

In the economic literature, different scholars distinguish the forms of capital depending on the economic content and areas of use. According to the economic content, there are: monetary, commodity and real capital. Thus, the development of the methodology of economic analysis is one of the main elements of the process of managing own capital, which begins at the stage of its investment. The assessment of the amount of the authorized capital should be used as key information in the business plan of the created organization, it should be the starting point for investors to make a decision.

Conclusion. The currently existing estimates and methods of the organization's own capital are fundamental and are not used in isolation in practice. In the process of assessing the composition and structure of the organization's equity, complex, combined valuation models are used, they ensure a very high accuracy of the result of the procedure. We emphasize that this comprehensive approach is associated with the presence of disadvantages and limitations in some methods and approaches, which are eliminated if an integrated approach is applied to the assessment of equity.

Just in this case, they complement each other. Based on the conducted research, it should be noted that the main purpose of the analysis is equity capital consists in determining changes in certain indicators, as well as factors that influence the formation and accumulation of equity capital in order to find reserves for its growth and effective use.

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