

Role of Financial Statements of the Production Enterprise at Assessment of Risks and Threats of Foreign Economic Activity

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Abstract— The unstable financial environment in which there are enterprises in increasing frequency pushes economic entities to conducting careful business, counting each step to trifles, for this purpose the management of the enterprise is forced to carry out at least periodically assessment of risks, to find efficient solutions of problems and also to be able correctly to predict changes in market system and foreign economic activity. Summing up the result we will note that the level of economic security is one of key indicators of investment attractiveness and reliability of the production enterprise, it is the characteristic of his viability. This category is especially essential in those branches which are considered as "problem" or endure crisis.

Keywords— risks; business activity; identification of risks; credit risk; risk of bankruptcy; the International Financial Reporting Standard; industrial enterprise

1. INTRODUCTION

In the conditions of the progressing market economy and a prolonged economic crisis activity of the production enterprises in the territory of the Russian Federation is exposed to larger scratches. The unstable financial environment in which there are enterprises in increasing frequency pushes economic entities to conducting careful business, counting each step to trifles, for this purpose the management of the enterprise is forced to carry out at least periodically assessment of risks, to find efficient solutions of problems and also to be able correctly to predict changes in market system and foreign economic activity.

Existence of risks as integral part of business activity resulted in need of development of concrete methods and methods of their identification at acceptance and implementation of administrative decisions. The production enterprises work in various conditions, having the different internal environment, level of production potential, personnel structure etc. In this regard each enterprise has scratches

directly inherent only to it and the bound to specifics production, technological, commercial, financial and other kinds of activity.

Scratches have negative effect on activity of the enterprises, namely reduce their effectiveness, lead to severe monetary losses and even to bankruptcy. To foresee an outcome of these or those events rather difficult, but having well worked mechanism of assessment of risks and threats of economic security of the production enterprise on the basis of data of financial statements, scratches can be minimized.

Any economic activity of the enterprise is accompanied by risk which is serious threat of its economic security, underestimation of the negative consequences of risk can turn even quite successful firm into the bankrupt with all that it implies. In scientific literature a lot of attention is paid to determination of enterprise risks, their classification [4, page 158], but all authors meet in one: the risk is always threat of loss of the capital, the real estate, property and image of economic entity [5, page 176]. Therefore scratches need to be operated.

The substance of risk consists in a possibility of a deviation of the received result from planned. However the received result can deviate from planned and in a positive side. Therefore it is necessary to speak not only about a scratch of losses, but also about a scratch of benefit.

At the same time assessment of financial risk plays an important role in process of management of risk, creating a basis for a decision making and assessment of their effectiveness.

It is necessary to understand set of the analytical actions allowing to predict a possibility of receiving padding enterprise income or a particular size of damage from the arisen risk situation and untimely taking a step on prevention of risk as assessment of risk.

If to consider a role of financial statements of the production enterprise at assessment of risks and threats of its economic security, then at systemic group of factors the analysis of documentation which is available at the enterprise is important (legal, organizational, financial, technological). And among the first documents to which it is necessary to pay an attention accounting reports are. These data possess merits and demerits. It is necessary to carry to its advantages that in the accounting report such ground rules as continuity, a balansiruyemost, double record of the reflected economic operations are followed [12]. Using criteria and models of the financial analysis in relation to financial statements, we can see how it is possible to estimate certain group of financial risks which treat:

- price scratches;
- property scratches;
- scratches of financial investment;
- risk of actual investment;
- tax risk;
- credit risk;
- inflationary risk;
- risk of liquidity;
- currency risk;
- risk of loss of financial stability and independence;
- risk of bankruptcy.

Practically each asset and a passive of balance bears in itself a print or potential of risk events. Types of risks are bound to the nature of balance articles, and this circumstance allows to carry out rather quickly a qualitative analysis of articles for identification of the arisen or imminent unsuccessful situation (see table 1).

Table 1 – The potential scratches tied to articles of the report on a financial condition of the production enterprise

Article	Scratches for the beginning and the end of the period
Fixed assets	Price risk
Investment real estate	Property risk
Intangible assets	Price risk
Financial assets	Scratches of financial investment
The investments considered with use of an equity method	Risk of actual investment
Biological assets	Price risk, property scratches
Stocks	Price risk
Trade and other receivables	Credit risk
Money and equivalents of money	Risk of liquidity, currency risk
Total amount of the assets classified as intended for sale, and the assets included in the leaving groups classified as "The non-current assets intended for sale according to the International Financial Reporting Standard (IFRS) 5 intended for sale and the	Risk of liquidity, loss of financial stability and independence

Article	Scratches for the beginning and the end of the period
stopped activity"	
trade and other accounts payable	Liquidity risk
Estimating obligations	Tax risk
Financial obligations	Percentage and credit risks
Obligations and assets for the current tax as it is defined in International Financial Reporting Standards (IAS) 12 "Income taxes"	Tax risk
Deferred tax liabilities and deferred tax assets as it is defined in International Financial Reporting Standards (IAS) 12	Tax risk
The obligations included in the leaving groups classified as intended for sale according to International Financial Reporting Standards (IFRS) 5	Liquidity risk, property risk
Not controlling shares presented as a part of equity	Liquidity risk
The released capital and reserves carried to owners of the parent organization	Scratches of financial investment

Have to be presented in the report on profit or a loss and other comprehensive income (the report on comprehensive income), besides sections on profit or a loss and on other comprehensive income, the following indexes:

- profit or loss;
- total other comprehensive income;
- comprehensive income for the period as the cooperative size of profit or a loss and other comprehensive income.

If the organization submits the separate report on profit or a loss, then it does not include the section on profit or a loss in the report reflecting comprehensive income.

Besides sections on profit or a loss and other comprehensive income, the organization also has to submit the following articles showing a diversity of profit or a loss and other comprehensive income for the period:

the profit or a loss for the period carried:

- to not controlling shares, and
- to owners of the parent organization.

comprehensive income for the period carried:

- to not controlling shares, and
- to owners of the parent organization.

Besides articles demanded by other International Financial Reporting Standards, the section on profit or a loss or the report on profit or a loss has to include lines which are represented by the following indexes for the period:

- revenue, at the same time the percentage revenue calculated with use of a method of an efficient interest rate separately is represented;
- the profits and losses resulting from the termination of recognition of the financial assets estimated at the amortized cost;

- cost of financing;
- the losses from depreciation (including restitution of losses from depreciation or profit on depreciation) defined according to Section 5.5 the International Financial Reporting Standard (IFRS) 9;
- a share of the organization in profit or a loss of the associated organizations and joint ventures considered with use of an equity method;
- if the financial asset is reclassified from category estimated at depreciable cost in such a way that it begins to be estimated at fair value through profit or a loss, any the profit or a loss resulting from a difference between the previous amortized cost of this financial asset and its fair value for date of reclassification (according to definition of this term in the International Financial Reporting Standard (IFRS) 9);
- if the financial asset is reclassified from category estimated at fair value through other comprehensive income in such a way that it is estimated at fair value through profit or a loss, any saved-up profit or a loss which are earlier recognized as a part of other comprehensive income which are reclassified in structure of profit or a loss;
- the uniform sum reflecting the total size of the stopped kinds of activity

The similar situation is observed also in the analysis of the report on financial results (see table 2)

Table 2 – The potential scratches tied to lines of the profit and loss report

Article	Scratches for the beginning and the end of the period
Profit or loss	Risk of liquidity loss of financial stability and independence, tax risk
Total other comprehensive income	Property risk, scratches of financial investment, percentage risk, credit risk, tax risk, currency risk
Comprehensive income for the period as the cooperative size of profit or a loss and other comprehensive income	Property risk, scratches of financial investment, percentage risk, credit risk, tax risk, currency risk
The profit or a loss for the period carried: - to not controlling shares, and - to owners of the parent organization	Risk of liquidity, scratches of financial investment
Comprehensive income for the period carried: - to not controlling shares, and - to owners of the parent organization	Risk of liquidity, scratches of financial investment
Revenue, at the same time the percentage revenue calculated with use of a method of an efficient interest rate separately is represented	Price risk
The profits and losses resulting from the termination	Price risk, scratches of financial investment,

Article	Scratches for the beginning and the end of the period
of recognition of the financial assets estimated at the amortized cost	inflationary risk
Cost of financing	Price risk, risk of actual investment
The losses from depreciation (including restitution of losses from depreciation or profit on depreciation) defined according to Section 5.5 the International Financial Reporting Standard (IFRS) 9	Price risk, liquidity risk
A share of the organization in profit or a loss of the associated organizations and joint ventures considered with use of an equity method	Risk of actual investment, property scratches
If the financial asset is reclassified from category estimated at depreciable cost in such a way that it begins to be estimated at fair value through profit or a loss, any the profit or a loss resulting from a difference between the previous amortized cost of this financial asset and its fair value for date of reclassification (according to definition of this term in the International Financial Reporting Standard (IFRS) 9)	Price risk, liquidity risk
If the financial asset is reclassified from category estimated at fair value through other comprehensive income in such a way that it is estimated at fair value through profit or a loss, any saved-up profit or a loss which are earlier recognized as a part of other comprehensive income which are reclassified in structure of profit or a loss	Price risk, liquidity risk
The uniform sum reflecting the total size of the stopped kinds of activity	Risk of liquidity, risk of loss of financial stability and independence

It is worth noticing that the regular analysis not only balance and the report on financial results, but also the report on cash flow belongs to immediate duties of the finance director.

Besides, it is possible to judge the possible scratches menacing to the production enterprise on the basis of a complex of the interdependent absolute and relative measures.

Generally for the analysis a set of financial coefficients among which liquidity indicators, solvency, financial stability, turnover and other is used. The list of indexes of a financial condition of the enterprise can be supplemented and change, their group can change, however the essence of assessment remains invariable.

As a rule, the analysis is carried out according to accounting (financial) reports in a year. Values of indexes are compared to normative, deviations come to light. Also the analysis in dynamics is carried out, that is change of value of indexes for a row of years is investigated [13, page 102].

Traditionally calculation financial indexes consider as a method of assessment of a financial condition of the production enterprise, in particular its solvency. However, because contrast of solvency is the risk of approach of bankruptcy, the method of the analysis of coefficients of financial performance found broad application at assessment of financial risks [14, page 81].

Summing up the result, we will note that the level of economic security is one of key indicators of investment attractiveness and reliability of the production enterprise; it is the characteristic of his viability. This category is especially essential in those branches, which are considered as "problem" or endure crisis.

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