

# MONITORING OF THE FINANCIAL CONDITION OF AGRICULTURAL ORGANIZATIONS IN THE VOLOGDA REGION OF RUSSIA

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## Abstract

*Monitoring of the financial condition of agricultural enterprises is necessary for assessing the effectiveness of state regulation of the economy and justifying the amount of state support for the agricultural sector. The article presents the results of an analysis of the financial condition of agricultural organizations in the Vologda region over a five-year period. The comprehensive financial analysis showed a positive dynamics of all groups of financial ratios, a significant improvement in the type of financial situation in agriculture of the region. Since 2014, there has been an improvement in the financial condition of the agricultural enterprises of the industry sector, which was due to the influence of active state regulation of the food market in conditions of sanctions and import substitution.*

**Keywords:** *monitoring, financial condition, state support, agriculture, sanctions, import substitution*

**JEL classification:** *Q01, Q1, Q14, Q18*

## 1 Introduction

The improvement of the financial condition of an agricultural sector is one of the most important directions in economic development of Russia. The efficiency of all sectors of agro-industrial complex depends on the results of the activity

of agricultural organizations. During recent years a state program of agricultural development and markets regulation of agricultural products, raw materials and supplies has been developed and is being successfully implemented in the country. Therefore, the monitoring of the financial condition of agricultural enterprises is currently important for evaluation of the efficiency of state regulation of economics and reasoning of the state support volume for an agricultural sector.

For the period from 2012 to 2016 the amount of agricultural organizations in the Vologda region reduced by 21,8 % (the Department of agriculture and food resources of the Vologda region, 2017). Failure of an enterprise is a result of a number of reasons such as market price disparity, insufficient qualification of managerial personnel, change in pricing policy, and market conjuncture, etc.

Thus, there is a need in a periodical monitoring of the financial condition of agricultural enterprises that will allow revealing “narrow” points in their activity and timely influencing the unfavorable situation through specific measures of state support and managerial decisions.

## 2 Data and Methods

The purpose of the study is to carry out the monitoring of the financial condition of agricultural organizations of the Vologda region and reveal the effectiveness of the measures of state support of the sector.

In accordance with the target goal the following tasks can be determined in the study: to study the financial condition of agricultural organizations of the region; to carry out an analysis of the dynamics of volumes of state support; to find out the interrelation between the level of state support and the financial condition of agricultural organizations.

The scientific study was carried out based on the information of official bodies of state statistics, materials of the department of agriculture and food of the Vologda region, Ministry of agriculture of the Russian Federation. For achievement of the results the following methods of scientific studies were used: monographic, economic-statistical, tabular, graphical and other methods.

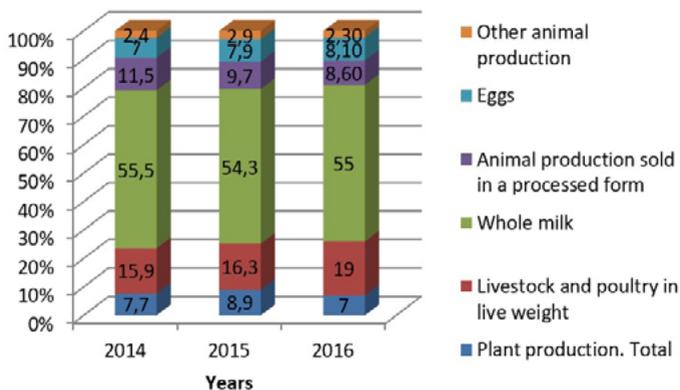
The financial condition of an enterprise is a complex concept which reflects presence, allocation and usage of all available financial resources (Kamsha & Kudinova, 2014). The financial situation is considered to be sustainable if by unfavorable changes of external environment an organization fulfills its obligations and at the same time it has the means to perform extended reproduction. Carrying out the monitoring of the financial condition allows revealing the main factors which influence the significant estimated figures of the financial condition

of an organization and forecasting their further dynamics (Barinova & Yureneva, 2017, October 21).

The Vologda region belongs to a number of regions of the European North of the RF which are territorially rather large and is the oldest region of dairy cattle breeding in Russia. Dairy farming as the leading sector of agriculture in the region began to form in 70-s of the XIX century. The availability of fertile pastures and the nearness of large consumer centers (Moscow, Saint-Petersburg) contributed to that.

In spite of the fact that the region is situated in the area of risk farming, it is considered to be agricultural: annually, agricultural products are produced here to the sum of 20 milliard rubles. Dairy farming is one the main branch of animal breeding in the Vologda region. The biggest relative share in revenue of agricultural enterprises in 2016 took the profit from sales of animal production - 93%, among them - 55% of milk sales (Figure 1).

Figure 1 **The structure of revenue from sales of products of agricultural enterprises in the Vologda region for the period 2014-2016**



Source: Calculated by the authors using the data of the official Internet-portal Vologdastat: Statistical collected volume “The Vologda region in figures 2016” available at: <http://volstat35.ru/bgd/cifrfakt/main.htm>.

The main producers of products are agricultural organizations, the share of which made 72 % of the total volume of agricultural production in the region in 2016 (Vologdastat, 2017). During the recent years tendencies of sustainable agricultural development have been outlined in the Vologda region. The growth in production volume of gross output, revenue and profit from sales of agricultural

products of organizations takes place (Yureneva & Barinova, 2016, May 25-27). By thereduction of quantity of agricultural enterprises and number of employees, cost of gross output of an agricultural sector, labor productivity and industry profitability are growing; the share of unprofitable businesses is decreasing (Table 1).

**Table 1 The main indicators of agricultural enterprises of the Vologda region in 2012 - 2016**

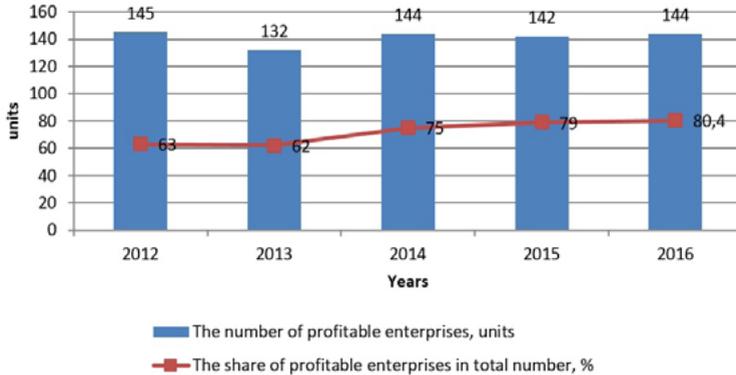
| Indicator  | Years |       |        |        |        | The change for the period (+,-) |
|--|-------|-------|--------|--------|--------|---------------------------------|
|  | 2012  | 2013  | 2014   | 2015   | 2016   |                                 |
| <b>Agricultural products in actual current prices, mln. RUB.</b>           | 15,6  | 14,4  | 16,5   | 20,8   | 21,3   | 5,7                             |
| <b>Revenues from sales, mln. RUB.</b>                                      | 15199 | 14234 | 15062  | 16646  | 18645  | 3446                            |
| <b>Cost of sales, mln. RUB.</b>  | 14105 | 14393 | 15452  | 14636  | 16901  | 2796                            |
| <b>Profit (loss) from sales, mln. RUB.</b>                                 | 610,6 | -639  | -793   | 1528,6 | 1964   | 1353,4                          |
| <b>Netprofit, mln. RUB.</b>  | -117  | -3595 | 1808   | 1609,1 | 2129   | 2246                            |
| <b>Gross milk yield, thousand tons</b>                                     | 419,0 | 390,6 | 408,0  | 429,3  | 450,1  | 31,1                            |
| <b>Labour productivity, thousand RUB</b>                                   | 780,0 | 818,2 | 1057,7 | 1368,4 | 1439,1 | 659,1                           |
| <b>The number of organizations, units.</b>                                 | 229   | 213   | 193    | 179    | 179    | -50                             |
| <b>The share of unprofitable farms, %</b>                                  | 37    | 38    | 25     | 21     | 19,5   | -17,5                           |
| <b>Profitability of the main activity without subsidies, %</b>             | -5,7  | -34,7 | 2,5    | 2,2    | 5,0    | 10,7                            |
| <b>Profitability of the main activity taking subsidies into account, %</b> | -0,2  | -24,4 | 11,9   | 11,3   | 13,0   | 13,2                            |

*Source:* Calculated by the authors according to the Official web portal Vologdas-tat: a Statistical compendium "The Vologda region in figures, 2016", available at: <http://volstat35.ru/bgd/cifrfakt/main.htm>.

For the period from 2012 to 2016 there is an increase of gross output and sales revenue by 36,5% and 22,7% relatively in agricultural enterprises of the region. In 2016 as compared with 2012 the final financial result of agricultural enterprises - net profit - increased by 2246 million, that characterizesthe effectiveness of enterprise performance in the sector.Profitability of main activity has an increasing

tendency both taking into account state subsidies and without regard to state support.

Figure 2 **The number of profitable farms and their share in the total number of agricultural enterprises of the Vologda region in 2012-2016**



Source: Calculated by the authors according to the Official web portal Vologdasat: a Statistical compendium "The Vologda region in figures, 2016", available at: <http://volstat35.ru/bgd/cifrfakt/main.htm>.

The share of profit-making organizations in the total amount of farms and the profitability level are the most important indexes characterizing the financial condition of the agricultural sector. In 2016 a relative share of profit-making farms in the total amount of agricultural enterprises made 80,4%, it was 17,4% higher than the level of 2012 (Figure 2).

The authors carried out the monitoring of the financial condition of agricultural enterprises of the sector during the period while the financial crises and the introduction of economic sanctions were influencing their development. Therefore, it is necessary to take into consideration that by changing the conditions in which agriculture is, the financial situation of enterprises of the sector also will change and that will be followed by the need for development of new recommendations for the formation of efficient state support of the sector. Consideration must be given to the fact that the results of an assessment of the financial condition of agricultural organizations are determined by sectorial peculiarities both objective and economic.

In the opinion of the Russian scientists (V.V. Kovalev, A.D. Sheremet, E.V. Negashev, R.S. Sayfulin) relevant indexes are used for the complex assessment of the financial condition. They are united in accordance with the economic sense into

three groups: paying capacity and liquidity ratios, financial sustainability ratios and business activity ratios.

The financial condition of an enterprise from the long-term perspective is estimated by the indexes of liquidity and paying capacity, which characterize in general, if an enterprise can make payments for short-term obligations timely and fully.

When speaking about the liquidity of an enterprise it is meant the availability of circulating assets in an amount sufficient for repayment of short-term obligations. Otherwise, the liquidity is a formal excess of circulating assets over short-term obligations.

The paying capacity means that an enterprise has monetary funds and their equivalents are sufficient for credit debt settlement which requires immediate payment. V.V. Kovalev (2002) thinks that for the summary evaluation of liquidity and paying capacity of an enterprise is enough to use three main analytic ratios:

$$\text{Absolute liquidity ratio} = \frac{\text{monetary funds} + \text{short-term financial investments}}{\text{short-term obligations}} \quad (1)$$

$$\text{Quick liquidity ratio} = \frac{\text{monetary funds} + \text{short-term financial investments} + \text{debt debt}}{\text{short term obligations}} \quad (2)$$

$$\text{Current liquidity ratio} = \frac{\text{circulating assets}}{\text{short-term obligations}} \quad (3)$$

One of the features of the stability situation of an enterprise is its financial sustainability. In the classic theory of a financial accounts analysis, financial sustainability is a correlation of assets and obligations of an organization which guaranties a certain level of failure risk of an organization (Sheremet, 2018). Therefore, the ratios which characterize the structure of assets and liabilities and also a correlation between separate items of assets and liabilities can be used as the indexes of financial sustainability:

$$\text{Current assets coverage ratio by own circulating assets} = \frac{\text{own capital} - \text{fixed assets}}{\text{circulating assets}} \quad (4)$$

$$\text{Capitalization ratio} = \frac{\text{long-term credits and loans}}{\text{own capital} + \text{long-term credits and loans}} \quad (5)$$

$$\text{Independence ratio} = \frac{\text{own capital}}{\text{total sum of funding sources}} \quad (6)$$

$$\text{Ration of inventory financing by own circulating assets} = \frac{\text{own capital} - \text{fixed assets}}{\text{resources}} \quad (7)$$

The above mentioned ratios of financial sustainability characterize the independence of each element of assets of an enterprise and of property in general,

and give an opportunity to measure if a company financially strong enough. The most important index of this group is the independence ratio which says about the independence of an enterprise from borrowed assets and shows a share of own assets in the overall value of all assets of an enterprise. The higher the value of the given ratio the stronger financially, the more sustainable and independent from external creditors an enterprise is.

The indexes of business activity are the tools for evaluation of the efficiency of the main business activity. The velocity of turnover of financial resources can be considered as the major characteristic of these indexes. In the opinion of A.D. Sheremet and E.V. Negashev (2016) the analysis of business activity consists in the study of levels and dynamics of different turnover ratios.

*Ratio of correlation of sales revenue and obligations*

$$= \frac{\text{sales revenue}}{\text{short-term credits and loans} + \text{long-term credits and loans}} \quad (8)$$

$$\text{Turnover ratio of credit debt} = \frac{\text{sales revenue}}{\text{average of credit debt}} \quad (9)$$

$$\text{Turnover period of credit debt} = \frac{360}{\text{Turnover ratio of credit debt}} \quad (10)$$

$$\text{Turnover ratio of debit debt} = \frac{\text{sales revenue}}{\text{average of debit debt}} \quad (11)$$

$$\text{Turnover period of debit debt} = \frac{360}{\text{Turnover ratio of debit debt}} \quad (12)$$

The assessment of the financial condition of agricultural organizations begins with a study of financial sustainability, liquidity, paying capacity and economic activity (Table 2).

**Table 2 Financial indicators of the financial position of agricultural enterprises in the Vologda region in 2012-2016**

| Indicator   | Years |       |       |      |      | The change for the period (+,-) |
|---|-------|-------|-------|------|------|---------------------------------|
|   | 2012  | 2013  | 2014  | 2015 | 2016 |                                 |
| <b>paying capacity and liquidity ratios</b>             |       |       |       |      |      |                                 |
| <b>External liabilities, total, mln. RUB.</b>           | 23620 | 18466 | 13129 | 9105 | 8818 | -14802                          |
| <b>Including loans and credits, total, thousand RUB</b> | 12095 | 10598 | 7731  | 4350 | 4226 | -7869                           |
| <b>Among them:</b>                                      |       |       |       |      |      |                                 |

| Indicator   | Years |       |       |      |      | The change for the period (+,-) |
|---|-------|-------|-------|------|------|---------------------------------|
|   | 2012  | 2013  | 2014  | 2015 | 2016 |                                 |
| - long-term   | 6732  | 7412  | 5209  | 2254 | 2071 | -4661                           |
| - short-term  | 5363  | 3186  | 2522  | 2096 | 2155 | -3208                           |
| <b>Absolute liquidity ratio</b>                                       | 0,08  | 0,23  | 0,28  | 0,37 | 0,16 | 0,08                            |
| <b>Quick liquidity ratio</b>  | 0,43  | 0,56  | 0,69  | 0,84 | 0,68 | 0,25                            |
| <b>Current liquidity ratio</b>  | 1,48  | 1,47  | 1,69  | 2,15 | 2,11 | 0,63                            |
| <b>financial sustainability ratios</b>                                |       |       |       |      |      |                                 |
| <b>Current assets coverage ratio by own circulating assets</b>        | -0,18 | -0,33 | -0,08 | 0,28 | 0,28 | 0,46                            |
| <b>Capitalization ratio</b>   | 1,35  | 1,82  | 1,13  | 0,63 | 0,51 | -0,84                           |
| <b>Independence ratio</b>   | 0,42  | 0,35  | 0,47  | 0,61 | 0,66 | 0,24                            |
| <b>Ratio of inventory financing by own circulating assets</b>         | 1,24  | 1,29  | 1,67  | 1,93 | 2,19 | 0,95                            |
| <b>business activity ratios</b>                                       |       |       |       |      |      |                                 |
| <b>Ratio of a correlation of sales revenue and obligations, times</b> | 0,64  | 0,77  | 1,14  | 1,82 | 2,11 | 1,47                            |
| <b>Payables turnover ratio, turns</b>                                 | 3,35  | 2,62  | 2,95  | 3,5  | 4,6  | 1,25                            |
| <b>Payables turnover period, days</b>                                 | 107   | 137   | 122   | 103  | 79   | -28                             |
| <b>Receivables turnover ratio, turns</b>                              | 4,28  | 3,99  | 4,48  | 5,12 | 5,41 | 1,13                            |
| <b>Receivables turnover period, days</b>                              | 84    | 90    | 80    | 70   | 67   | -17                             |

Source: Calculated by the authors according to the Official web portal Vologdas-tat: a Statistical compendium "The Vologda region in figures, 2016", available at: <http://volstat35.ru/bgd/cifrfakt/main.htm>.

It can be seen that the vast majority of financial indexes of agricultural organizations testifies the stabilization of the sector situation. In conditions of the economic crises enterprises couldn't afford using credits and loans as the policy of the Bank of Russia made them very expensive. Current situation led to significant reduction of external obligations of agricultural organizations, nearly twice.

Actually, sums of credits and loans almost 63 % decreased, both long-term and short-term. Thereby, there was an increase of liquidity ratio and paying capacity, provision of working assets by own circulating assets and other indexes of the financial condition of agricultural enterprises.

Thus, absolute liquidity ratio in 2013 reached the criteria value, current liquidity ratio showed sustainable growth dynamics in 2015 also came up to the standard. Reduction of values of above showed ratios raises concerns. Essential increment of value can be noticed by the ratio of provision of working assets by own circulating assets. If in preceding years it had negative values, it said that agricultural organizations lacked own circulating assets, and in 2016 the index exceeded the standard value more than twice and stayed sustainable (Barinova & Yureneva, 2017, October 21). The positive dynamics of business activity ratio tell about the increase of efficiency of the asset usage by organizations of the region.

An analysis of credit debts showed in 2016 its 14,7% decrease comparing to 2012 (Table 3).

**Table 3 The dynamics of accounts payable in agricultural enterprises of the Vologda region in 2012-2016**

| Indicator   | Years |        |        |        |       | The change for the period (+,-) |
|---|-------|--------|--------|--------|-------|---------------------------------|
|   | 2012  | 2013   | 2014   | 2015   | 2016  |                                 |
| <b>Payables, total (not including credits and loans), mln. RUB.</b> | 4793  | 7868   | 5398   | 4755   | 4089  | -704                            |
| <b>Including overdue (1 Dec)</b>                                    | 481,1 | 620    | 1619   | 1624,2 | 590,2 | 109,1                           |
| <b>The share of overdue payables in the whole debt, %</b>           | 10,04 | 7,88   | 29,99  | 34,16  | 14,44 | 4,4                             |
| <b>Receivables, total, mln. RUB.</b>                                | 3546  | 3561,6 | 3359,1 | 3254   | 3448  | -98                             |
| <b>Excess of payables over receivables, times</b>                   | 1,35  | 2,21   | 1,61   | 1,46   | 1,19  | -0,16                           |

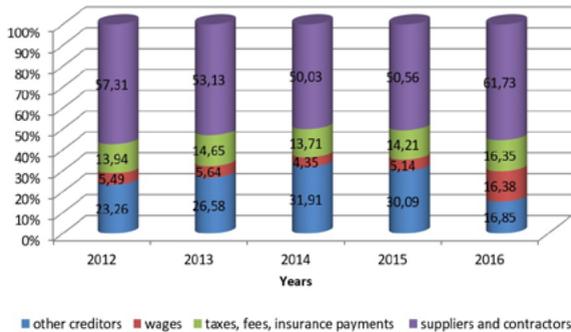
Source: Calculated by the authors according to the Official web portal Vologdas-tat: a Statistical compendium "The Vologda region in figures, 2016", available at: <http://volstat35.ru/bgd/cifrfakt/main.htm>.

Excess of a turnover period of credit debts over debit ones confirms the fact that agricultural organizations use raised financing sources more actively than give credit to their buyers, and the period of this outsourcing is 12 days longer.

A negative moment is the decline of credit debts quality. The share of past due debt had increased from 10,04% in 2012 to 14,44% in 2016. The fact that the dynamics of credit debts excess over debit ones in 2016 was decreasing comparing to 2012 also alerts.

In the structure of credit debts a “calm” debt prevails – to suppliers and contractors, as well as to other creditors (Figure 3).

Figure 3 **The structure of accounts payable in agricultural enterprises of the Vologda region in 2012-2016**



Source: Calculated by the authors according to the Official web portal Vologdas-tat: a Statistical compendium "The Vologda region in figures, 2016", available at: <http://volstat35.ru/bgd/cifrfakt/main.htm>.

From 19,43% in 2012 to 32,73% in 2016 fall to the share of debt due, it requires negative evaluation.

### 3 Results and Discussion

Nowadays, there isn't any unified common methodology for studying the summary level of the financial condition of enterprises of the agricultural sector. Therefore, the focus on already used regulations, particularly, on the Federal law of the Russian Federation “About financial improvement of agricultural producers” of July 9, 2002 No. 83-FZ (as subsequently amended).

According to the methods of state administration bodies for identifying the type of financial sustainability 6 indexes are used. They characterize paying capacity of an organization from the point of view of long-term perspective. The value of each index is compared to the scale specified in the methods, and is assigned by a fixed point, then the points are summed up, the conclusion is made and an enterprise is classified according to a type of the financial condition and referred

to one group or another (The Federal law "About financial improvement of agricultural producers", 2002).

Using the methods of evaluation of the financial condition of agricultural producers approved by the Federal law, the following results of the analysis of the financial condition of agricultural organizations of the Vologda region were received from the perspective of financial sustainability (Table 4).

**Table 4 Type of financial condition of agricultural organizations in the Vologda region in 2012-2016**

| Indicator   | Years |      |      |      |      |
|---|-------|------|------|------|------|
|   | 2012  | 2013 | 2014 | 2015 | 2016 |
| <b>Absolute liquidity</b>                                     | 4     | 8    | 8    | 12   | 4    |
| <b>Quick liquidity</b>  | 3     | 3    | 3    | 3    | 3    |
| <b>Curren tliquidity</b>                                      | 4,5   | 4,5  | 9    | 16   | 16,5 |
| <b>Funds security factor</b>                                  | 3     | 3    | 3    | 6    | 6    |
| <b>Financial independence</b>                                 | 1     | 1    | 4,4  | 17   | 17   |
| <b>Ratio of inventory financing by own circulating assets</b> | 13,5  | 13,5 | 13,5 | 13,5 | 13,5 |
| <b>Number of points</b>                                       | 29    | 33   | 40,9 | 67,5 | 60   |
| <b>The group of financial stability</b>                       | 4     | 4    | 3    | 2    | 2    |

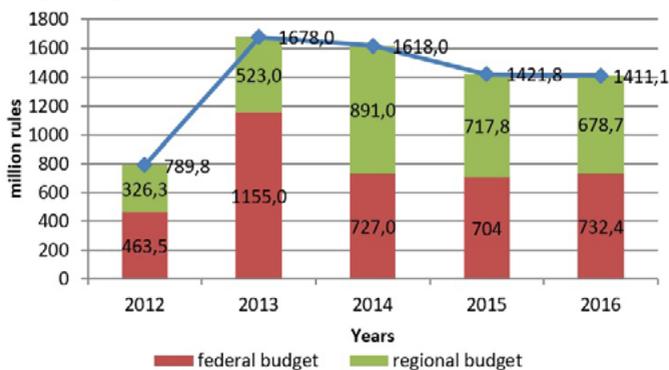
*Source:* Calculated by the authors according to the Official web portal Vologdas-tat: a Statistical compendium "The Vologda region in figures, 2016", available at: <http://volstat35.ru/bgd/cifrfakt/main.htm>.

The type of financial sustainability for agricultural organizations of the Vologda region changed for the better, from the fourth group in 2012 to the third in 2014 and to the second in 2015 and 2016. This shows that the financial situation of agricultural enterprises of the Vologda region has improved. For agricultural enterprises of the second group more favorable conditions of state regulation are used, that actually influences the results of their activity.

The economic crises of 2008-2009, unfavorable weather conditionssignificantly influenced the development of agricultural enterprisesof the Vologda region. Therefore, in 2012 a regional support program of the agricultural sector was adopted in the Vologda region within a framework of the state program of agricultural development and market regulation of agricultural production, raw materials and food in Russia (the Department of agriculture and food resources of the Vologda region, 2017). An active state support on the federal and regional levels also became the factors of improvement for the financial situation of

agricultural enterprises. The enterprises were provided with the subsidies, interest rates on credits were reduced (Figure 4).

Figure 4 **The dynamics of state support in agricultural organizations of the Vologda region in 2012-2016**



Source: Calculated by the authors according to the Official website of the Department of agriculture and food resources of the Vologda region. Annual reports on the implementation of the State program "Development of the agroindustrial complex and consumer market of the Vologda region in 2013-2020" for 2012-2016. Available at: [http://www.vologda-agro.ru/images/stories/Годовой\\_отчет\\_по\\_ГП.pdf](http://www.vologda-agro.ru/images/stories/Годовой_отчет_по_ГП.pdf).

In the prior four years, 16 % decrease of the volume of budget funds directed to support of agriculture has been observed in the Vologda region (Yureneva & Barinova, 2016, May 19-20). Attention should be paid to the fact that particularly since 2014 with the food sanctions introduction and the necessity of import substitution fast growth of the sector indexes has been seen. In spite of the reduction of state support, the sector indexes have the increasing tendency that is proved by the date of activity of agricultural enterprises in the Table 1. The economic sanctions became a certain impulse for the successful development of agriculture in the region and reasonable state support should strengthen the effect.

State support directly influences the results of the activity of agricultural enterprises (Table 5).

Table 5 The influence of the state support level on the performance of agricultural organizations in the Vologda region in 2016

| Number of the group | Grouping the districts of the Vologda region according to the level of state support in reliance on 100 ha of agricultural lands, thousand rubles | Amount of enterprises, unit. | State support in reliance on 100 ha of agricultural lands, thousand rubles | Revenue in reliance on 1 employee, thousand rubles | Profitability taking into account subsidies, % |
|---------------------|---|------------------------------|--|--|--|
| I                   | Less than 300,0   | 31                           | 130,02   | 841,75   | -7,9   |
| II                  | 301,0-700,0   | 106                          | 489,73   | 1233,67  | 11,96  |
| III                 | More than 700,0   | 42                           | 5189,32  | 1529,59  | 26,13  |
| x                   | Avarage   | x                            | 1532,40  | 1233,43  | 11,85  |

Source: Calculated by the authors using the data of the official Internet-portal Vologdastat: Statistical collected volume "The Vologda region in figures 2016" available at: <http://volstat35.ru/bgd/cifrfakt/main.htm>.

Grouping the enterprises of the Vologda region according to the level of state support in reliance on 100 ha of agricultural lands allows revealing a direct dependence between the volumes of budgetary funds sent to agricultural enterprises and performance indicators of enterprises such as revenue per an one employee and profitability taking into account subsidies.

The carried out grouping showed that the increase of the volume of budgetary costs positively influenced the condition of agriculture in the Vologda region. In 2014 by means of state subsidies the crises of 2012-2013 was managed to overcome when high credit costs and untimely state support of enterprises led to livestock reduction, decrease in production of milk and other agricultural products. In 2014 through the introduction of new kinds of state support from the regional budget – subsidies on cow population growth and on reimbursement of a part of costs for the purchase of cows by private farm holdings - cow population in the Vologda region was managed to stabilize.

## 4 Conclusion

The monitoring of the financial condition of agricultural enterprises in the Vologda region showed the positive dynamics of standard ratios and other analytic indexes.

The ratios of paying capacity and liquidity have the growth dynamics but at the same time the ratios of absolute and quick liquidity don't reach the standard

values. It tells about problems with repayment discipline of agricultural enterprises. The current liquidity ratio achieved the standard value in 2015. Therefore, the reduction of short-term obligations and the growth of circulating assets can be observed.

The financial sustainability ratios also have an increasing tendency, except for the capitalization ratio. The independence ratio showed by the end of 2016 that own financing sources took 66% of the sum of all sources. The value of the ratio exceeded the standard level. The reduction of the capitalization ratio speaks about the change of the obligation structure towards the increase of the size of short-term borrowed sources. The current asset coverage ratios and inventory financing by own circulating assets exceeded standard values. This fact is positively estimated and tells about sufficient volume of own capital of agricultural enterprises for financing the actual groups of assets.

The ratios of business activity are growing in dynamics; it means the increase of effectiveness of settlements. The positive moment is the decrease of turnover periods of credit and debit debts. Moreover, buyers settle accounts with the enterprises quicker than enterprises with suppliers.

As a result of the studies it is possible to say that the state measures of support of agriculture on the food market influenced the volumes of agricultural production positively.

The situation is confirmed by the calculations carried out according to the methods of state economic management authorities which take into account sectorial peculiarities of activity of agricultural enterprises. The main factors, which positively impacted the financial condition of agricultural organizations, are considered to be efficient state regulation, introduction of sanctions and development of import substitution on the food market. All indexes of assessment of the financial condition have had the increasing tendency since 2014 (the year of introduction sanctions). In spite of the reduction of volumes of state support of the sector, the subsidies also influenced economic indexes of agriculture of the region positively, mainly through interest rate subsidies that led to significant growth of ratio of financial independence of agricultural organizations and their liquidity.

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