

Composition and Classification of Current Assets in the Management of Agricultural Enterprise

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Abstract – The article reveals the results of a study of working capital in the agricultural enterprises, the author's suggestions for structuring considering the specifics of the operating cycle, supplemented classification features group working capital to facilitate the assessment of sectoral peculiarities of agricultural production; the sequence of procedures for managing elements of working capital in order to increase the efficiency of their use.

Keywords – Efficiency, Formation, Current Assets, The Management.

I. INTRODUCTION

In the conditions of market economy is urgently necessary to improve the organization managing the effective use of material and financial resources of agricultural enterprises. Many agricultural organizations have lost their own working capital, severely restricted the possibility of self-supply industrial stocks are limited opportunities for the acquisition of material resources of industrial production that has influenced the level of intensification in agriculture.

To date, significant reserves of sustainable development and profitability of agricultural production laid down in the efficient use of working capital. A significant impact on the size of working capital have specialization and intensification of agricultural production.[3]

To the peculiarities of agricultural production is on-farm use of current assets inter-industry production. A certain share of manufactured products in agricultural production is not implemented in the natural-material form, and is used as feed for fattening animals, or as an inoculum for the implementation of the crops in the coming year.

The complexity of agricultural production and the specifics of the agricultural enterprises require modern approaches to the management of working capital, which appears to us in the form of sequential steps:

- The formation of a strategy to manage working capital to ensure the smooth production of the agricultural cycle, taking into account climatic and economic factors;
- Determination of composition and structure of current assets to industry specifics of the agricultural enterprise;
- Identify ways to evaluate the need for working capital in the conditions of advanced agricultural reproduction;
- search investments current assets with minimal economic risk;
- Formation of the required amount of working capital in the natural-material and monetary forms of agricultural production;
- Consumption of working capital in the process of agricultural production cycle;

- Ensuring efficiency of working capital in their conversion process in the agricultural enterprises.

In our opinion, to ensure the smooth process of agricultural production the initial step of the enterprise should be the development of management strategies the formation and use of working capital, both in the current and future periods, which reflects the aim of the production cycle - from the moment of determining the need for working capital up to the receipt and distribution of finished product.

In the management process needs to be structured working capital, to manipulate their part to ensure the smooth functioning of agricultural production in General and in specific industries and agricultural enterprises, providing, in turn, their liquidity and solvency. In particular, for example, if cash, receivables and inventories are maintained at a relatively low level and agricultural company feels the need for working capital, then the probability of insolvency or lack of funds to provide uninterrupted production, and, consequently, cost-effective, the agricultural sector is quite large.

The study showed that despite the diverse interpretation of the term "working capital", many authors uniform with respect to their composition. Famous economists Garfinkel VA and Sundar VA under current assets understand the totality of components of working capital: current production assets and funds circulation. They believe that the division of current assets to current production assets and funds of the treatment is determined by the peculiarities of their use and distribution in the areas of production and implementation [6].

In our opinion, for the purposes of management of current operating funds in the agricultural enterprises is useful to distinguish the following groups: items of work (inventory), tools (tools that lasts more than 12 months and the value of the limit set) and work in process.

Regarding the agricultural organizations of the content of each of the groups of classification varies considerably, due to the specific production. The primary importance of all elements of current operating funds are allocated to the items of work.[5]

Items of work in the agricultural enterprises have natural-material form and include: raw materials included in the composition of the products produced, forming its basis, or which are necessary components in its manufacture and use in the execution of works and rendering services; fertilizers and means of protection of plants and animals (chemicals, biological products, medicines and other chemicals used to control pests and diseases of agricultural crops, animals, experiments with plants, animals, etc.); food of animal and vegetable origin

of own production and purchased; seeds and planting material production last year, harvest reporting year and purchased; fuel, including fuel, lubricants, solid and gaseous fuel purchased or procured for technological needs, operation of farm machinery and vehicles, as well as for energy generation or for heating buildings (diesel fuel, fuel oil, gas, coal, wood, peat); spare parts for the needs of primary activity, parts, components, assemblies, batteries intended for repairs, replacement machinery, equipment, vehicles, etc. and also car tyres in stock and turnover; young animals (cattle, pigs, sheep, goats, deer and red deer, as well as young horses and other working animals), animal fattening, poultry, animals, family, bees and other animals.

To the means of labour agricultural enterprises include current assets with an economic life of more than 12 months, for which the Regulations on accounting "Accounting of fixed assets" (PBU 6/01) the cost limit is not more than 40,000 rubles For accounting purposes, such objects are usually referred to as business inventory [1]. Meanwhile, in order of inclusion of such material objects to a specific group of assets, shall be decided by the head of the agricultural enterprises based on the nature and conditions of agricultural production. This decision is fixed in the accounting policy in respect of groups of objects, not for each item separately. The main condition is the service life of equipment or type of household supplies.

Work-in-progress included in current assets at cost and characterized by incomplete agricultural products, or products of partial completion, is the subject of labor, has entered into a production process, but have not passed all processing operations envisaged process. They are represented unfinished production and semi-finished products of own production, are the real elements of working capital.

The amount of WIP agricultural businesses affected: the specificity of the production process of crop and livestock production, industrial and other industries; the size of semiovate, workshops and layout of equipment inside them, the types of equipment used, the speed of relocating to new products; the remoteness of pasture and forage plants; the mode of transport used, and so on, the Main economic characteristic of production assets is that they are their costs transferred to cost of goods sold in each agricultural production cycle.

In a separate group current operating assets practical all authors selected deferrals, which are characterized as immaterial items revolving funds, including the costs of preparation and development of new products, which are produced in this period (quarter, year), but are products of the future period.

We think, today the selection of such item of production assets is impractical, because the activities that are carried on the reform of accounting in Russia, led to the abolition of the asset in the accounting and reporting of enterprises. In agricultural enterprises deferrals should be considered as part of a work in progress.

The study of the composition of the Fund's conversion to agricultural enterprises suggests that its heterogeneous

elements, these include: finished goods livestock and crop production, cash, funds in accounts, financial investments. The main part is finished agricultural products have not yet implemented: crop, livestock, utility organizations, and crafts. Group "float" is made up of investments current assets in settlement of the agrarian economy, i.e. receivables, which comprise amounts vendors upon expiration of the payment period, customers, tax authorities for overpayment of taxes and other compulsory payments to be made in advance. Receivables always diverts resources from circulation, prevents their effective use, resulting often in agricultural enterprises is strained financial condition. Therefore, for effective accounts receivable management in agricultural organizations should be developed and implemented financial policies of the management of receivables.

Thus, in the structure of production assets we have identified three elements: the subject of work, work equipment with the criteria limits their value and work in process; in part funds the treatment of the following elements: finished goods, float (receivables), short-term investments, cash [4].

The structure of current assets of agro-industrial enterprises depends on a number of factors:

- industry characteristics of production and the nature of the activities: crop production, livestock production, industrial production and subsistence farming, miscellaneous manufacturing;
- industry characteristics of production and the nature of the activities: crop production, livestock production, industrial production and subsistence farming, miscellaneous manufacturing;
- features-logistics - periodicity and regularity of supply, the share of components, type and structure of on-farm consumption;
- Climatic conditions and seasonality of production;
- Forms of payment with suppliers and purchasers materials, payment discipline;
- Financial condition and accounting policy;
- Demand for finished goods crop or livestock produced by this company and others.

Size and structure of current assets should correspond to the needs of the agricultural enterprise. Current assets should be minimal, but sufficient for the smooth and successful organization of agricultural production. Depending on the structure of working capital and a strategy for their use, measures to increase the efficiency of the circuit especially for those items that have the largest share.

One of the important aspects of the process of working capital management of agricultural enterprises is the study of their classification by homogeneous characteristics, which allows you to focus on various kinds of working capital, in order to make management decisions. In the economic literature there are various grounds on which classified as current assets.

The most common signs of agricultural enterprises compiled by us and is supplemented in table 1.

Classification of current assets as homogeneous characteristics contributes to the regulation of the relation

of individual groups, which is necessary for the organization and the subsequent management of working capital at different stages of treatment.

Table 1: Classification of current assets of agricultural enterprises

Classification criterion	Classification group
Depending on participation in the circulation of funds of the agricultural cycle	Production assets The reference funds
According to the principles of the regulation of working capital	The sphere of agricultural production The sphere of circulation
Methods of planning	Normalized Nonspecified
According to sources	Own and own funds equal to The funds raised Borrowings
On elements	Items of work Tools with the criterion limit value WIP Cash Float Finished products Financial investments
By industry	In crop production In animal husbandry In the industrial production and the farm In accessory, service and other industries
The appointment process of agricultural production	Industrial stocks in the sectors of livestock, crop production, industrial, auxiliary and service enterprises WIP Ready agricultural products Cash
The period of operation	A permanent part of current assets The variable part of current assets
The shape of the functioning	Monetary Non-monetary
At the place of use	On-farm inter branch turnover of agricultural enterprises Other users outside the agricultural enterprise
Depending on the standards of accounting and reporting in the balance sheet	Stocks The value added tax Receivables Short-term investments Cash and cash equivalents Other current assets
The degree of liquidity	Slowly implemented Quick Liquid
Risk-investments capital	Risk-free With minimal risk investments Low risk investments High risk investments Medium risk investments
According to the degree of participation in the process of agricultural production and sales	Participating Backup

For example, depending on placement in reproductive agricultural process (i.e. the process of circulation) or by functional feature current assets of agricultural enterprises are divided into current production assets employed in the production process and the reference funds operating in the sphere of circulation.

The disparity between these funds can lead to a lack of labour in the production process of agricultural products (lack of seed stock, fertilizer, feed, fuel and spare parts and other) that will affect the production (yield reduction in crop production, reduction of livestock, reduction of production and others).

Depending on interest working capital of agricultural enterprises is a collection of stocks, funds for the current financial transactions, receivables and short-term investments.

One of the main principles of the organization of working capital is rationing. The implementation of this principle allows economically feasible to install the required amount of own circulating assets and thereby provide conditions for successful implementation of their industrial and payment and settlement functions. The erroneous practice of our time waiver from the regulation of working capital is one of the reasons for the crisis payment discipline of many agricultural enterprises.

Normalized are current production assets and finished products, as they determine the conditions of supply, production and distribution of agricultural enterprise. Other components of working capital are not planned. However, for the purposes of management of agricultural enterprise needs to determine the minimum cash requirements for current business transactions (purchase fuel, food, spare parts, fertilizers), assuming payment of turnover in the coming period and the turnover of monetary assets. These calculations must be made to determine the redistribution of funds between sectors of agricultural production.[2]

Based on the foregoing, we see potential for the purpose of formation of the mechanism of management of working capital in the agricultural enterprises to clarify the classification characteristic "elements", with proposals elemental composition. Namely, to allocate seven items, three of which define the structure of production assets (items of work, work equipment with the criterion limit value, work in progress) and the rest are in the funds of treatment (finished goods, float, short-term investments, cash). It is also advisable to Supplement the classification of current assets sign industry with the release of the following groups: current assets in crop production; livestock production; industrial production and subsistence farmers; in the auxiliary, service and other industries. The basis of this characteristic Polo-wife differences, used as inputs, and manufactured products for its intended use, production methods and consumption patterns, as well as the peculiarities of agricultural production and specificity of agricultural enterprises.

The addition of the classification sign industry has allowed me to qualify in the group working capital funds allocated for other purposes in the process of agricultural production, namely: production stocks in the sectors of

livestock, crop production, industrial, ancillary and support industries; work in process, finished goods, cash.

In our opinion, the mechanism of management of working capital should take into account inter-industry structure, which is characterized by a diversified agricultural enterprises producing agricultural products and livestock with a wide range of processing and industrial plants.

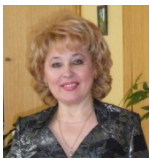
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