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Peculiarities of formation shareholders' equity and liabilities of Russian joint stock companies

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Abstract

In this paper we present the results of analysis the formation of shareholders' equity, long-term and short-term liabilities at 250 public and 750 nonpublic Russian joint stock companies for 2010-2013. We found out that the formation of capital at public and nonpublic JSCs has differences in the composition, dynamics and structure of shareholders' equity, long-term and short-term liabilities. We concluded that the composition and structure of shareholders' equity and liabilities of nonpublic JSCs as opposed to public JSCs are inefficient and does not contribute to the development of these companies.

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1. Introduction

Shareholders' equity is mandatory source of funding for any company. In addition to shareholders' equity almost all companies use debt capital (long-term and short-term liabilities in various forms) to finance its activities. The composition and structure of firm's capital may differ substantially depending on internal policy of a company, turnover and structure of assets, economic situation in a country, etc. At the same time, the composition and structure of capital have a significant impact on the liquidity, financial stability and efficiency of the company.

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In this regard, the goal of our research is to conduct a detailed analysis of composition, dynamics and structure of capital of Russian joint stock companies, to identify modern features, trends and differences at public and nonpublic companies.

Issues of the formation and analysis of capital widely represented in Russian textbooks (Efimova 2014; Kazakova 2014; Selezneva and Ionova 2013; Kiryanova and Sedova 2014; Grigorieva 2013 and other). However, Russian textbooks generally consider theoretical bases of the formation and analysis of capital and have a fairly weak link with practice. Russian textbooks don't disclose current features and trends of the formation of capital that are typical for the Russian economy at the present stage of development. In practice, a situation is not always possible to describe and analyze from the position of theoretical approaches.

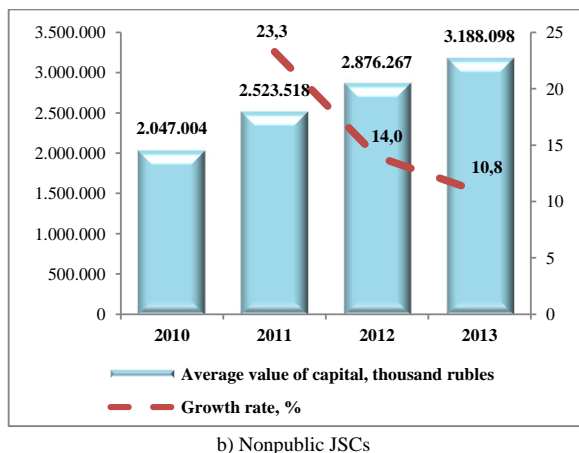
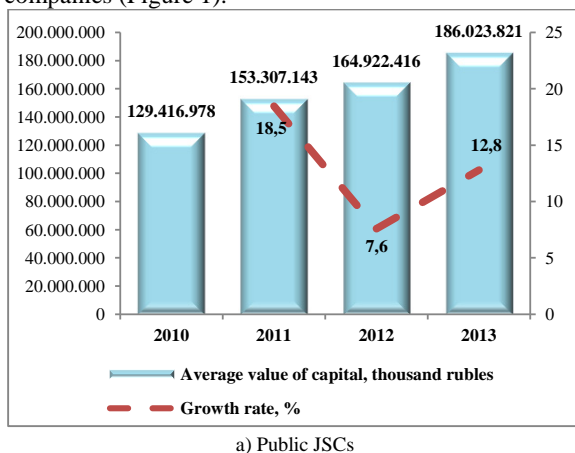
Our study is devoted to identification features and current trends of the formation of capital Russian JSCs. In the Russian economy at this moment there are no analogues of this research, especially on the materials of 1000 Russian companies. Theoretical approaches of this analysis, we systematized in previous studies (Grechenyuk, 2014).

For making our research we have created a database using annual financial statements of 1000 Russian joint stock companies – 250 JSCs from listing of MICEX-RTS (public companies) and 750 ordinary JSCs that do not have their securities at the stock exchange (nonpublic companies). The period of research is 4 years – from 2010 till 2013. The annual financial statements of these companies were taken either from official websites of the companies (it concerns public JSCs), or from websites of disclosure information, such as <http://www.e-disclosure.ru> and <http://disclosure.lprime.ru>. As a part of public companies we have to select a group of JSCs, which we call "management companies". Some companies make their financial statements according to Russian accounting standards only to the head organization which is a "financial superstructure". The main business activities of such companies are: other financial intermediation, consulting on commercial activity, consulting services, investments in securities, activity in accounting and auditing, consulting on commercial activity and management, providing services in management, etc. Examples of such companies are JSC "Abrau-Durso", JSC "Russian Helicopters", JSC "Russian Sea Group", JSC "Company M.video", JSC "Rusnano", JSC "Rosseti", etc. There are 40 such management companies in our selection of public joint stock companies. These management companies have a special way of the composition, dynamics and structure of capital, and we are going to identify it through our analysis (Grechenyuk, Grechenyuk, Yu, Polozhentseva, 2015; Grechenyuk, Vertakova, Grechenyuk, 2015).

For processing 1000 financial statements of Russian companies for 4 years, we have created a program in MS Excel, add to it the data from the financial statements and made the database for analysis. To process and analyze the database we have been widely used tools of MS Excel.

2. Body

Our study we start with the analysis of dynamics the average value of capital at public and nonpublic joint stock companies (Figure 1).



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