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The graduate thesis

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The topic of the work: **«Integration of modern approaches and applied models of asset administration of enterprises in the construction industry»**

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Introduction:

Modern enterprises operate in a volatile and dynamic external environment that affects their financial stability and requires decision-making under conditions of uncertainty. In these circumstances, asset management becomes a key factor determining the efficiency of business operations.

Relevance of the Problem:

The financial stability of an enterprise directly depends on the quality and efficiency of its asset utilization, especially current assets, which constitute a significant portion of resources. A systematic approach to asset management and the application of modern diagnostic methods enhance enterprise competitiveness, which is particularly crucial in today’s environment of limited financial resources.

The purpose of this work is

generalization of theoretical aspects of the economic category "assets", and development of measures to improve the asset management model at the construction enterprise.

Tasks of certification work:

- To characterize the concept of "assets", to highlight the main theoretical and methodological principles.
- To consider the classification and sources of formation of assets of construction enterprises.
- Define models and applied tools of the asset management system.
- Give a general description of the business activity of Kovalska industrial and construction group limited liability company.
- Analyze the main indicators of the company's financial and economic activity.
- Consider the structure of assets of joint stock company «Plant of reinforced concrete structures named after S.Kovalska»
- Analyze the effectiveness of the asset management system «Plant of reinforced concrete structures named after S.Kovalska»
- Develop measures to improve the asset management model at the construction enterprise.

The object of research

is the structure of assets and the model of asset management at Joint stock company «Plant of reinforced concrete structures named after S. Kovalska»

The subject of research

is a set of theoretical-methodological, scientific-methodical and practical principles of asset management at construction enterprises.

The information base for writing this certification work was the statistical, financial and operational reporting of JSC "S. Kovalska ZZBK", as well as scientific domestic and foreign literature on the problem under study; scientific articles published in domestic and foreign periodicals, electronic resources.

CHAPTER I. THEORETICAL ASPECTS OF THE CONCEPT "ASSETS OF THE ENTERPRISE"

The economic essence of assets of construction companies:

Assets are the basis of the company's functioning and ensure an uninterrupted production process, which affects its financial stability. The concept of “assets” covers economic resources in the form of property values used by an enterprise to generate economic benefits (profit). The company's assets include means of production (machinery, equipment, raw materials, buildings, etc.) that transfer their value to finished products in the course of operations.

The company's assets can be interpreted as economic resources in the form of aggregate property values, which are reflected in the respective value in the independent balance sheet and used by it in its economic activities in order to obtain economic benefits (profit). In our opinion, this interpretation is quite clear and understandable and fully reflects the economic essence of the company's assets.

Classification of the company's assets according to various characteristics

A sign of classification	Type of assets				
By forms of functioning	Material	Intangible	Financial	Biological	
By the nature of participation in the economic process	Reversible	Irreversible	Irrevocable, held for sale and disposal groups		
By the nature of participation in various types of economic activity	Operational	Investment			
With the possibility of depreciation	Depreciated	Undepreciated			
By degree of value	Valuable	Invaluable			
By degree of liquidity	Absolutely liquid	Highly liquid	Medium liquid	Low liquidity	Illiquid
By nature of ownership	Own	Involved			
By the risk of attracting assets	With a high level of risk	With an average level of risk	With a low level of risk		
By degree of aggregation	Individual	Groups	Property complexes		
By nature of use in industrial and economic activity	Productive	Unproductive			
According to the nature of placement in relation to the enterprise	Internal	External			

An economically sound classification of assets plays a key role in organizing accounting, contributes to improving the methodology of analysis and more accurate forecasting, and helps to make the right management decisions. The classification of assets is necessary to ensure their targeted and efficient management.

Sources of Asset Formation are the financial resources of an enterprise, encompassing all available funds in various forms that the enterprise gathers to carry out its statutory activities. These funds are invested in assets to support expanded reproduction and meet financial obligations.

Own sources — resources owned by the enterprise itself, including:

- Registered capital;
- Additional capital;
- Reserve capital;
- Retained earnings of the enterprise.

Borrowed sources — funds obtained from external creditors, such as:

- Short-term bank loans;
- Accounts payable.
- Long-term bank loans;

Asset management system models

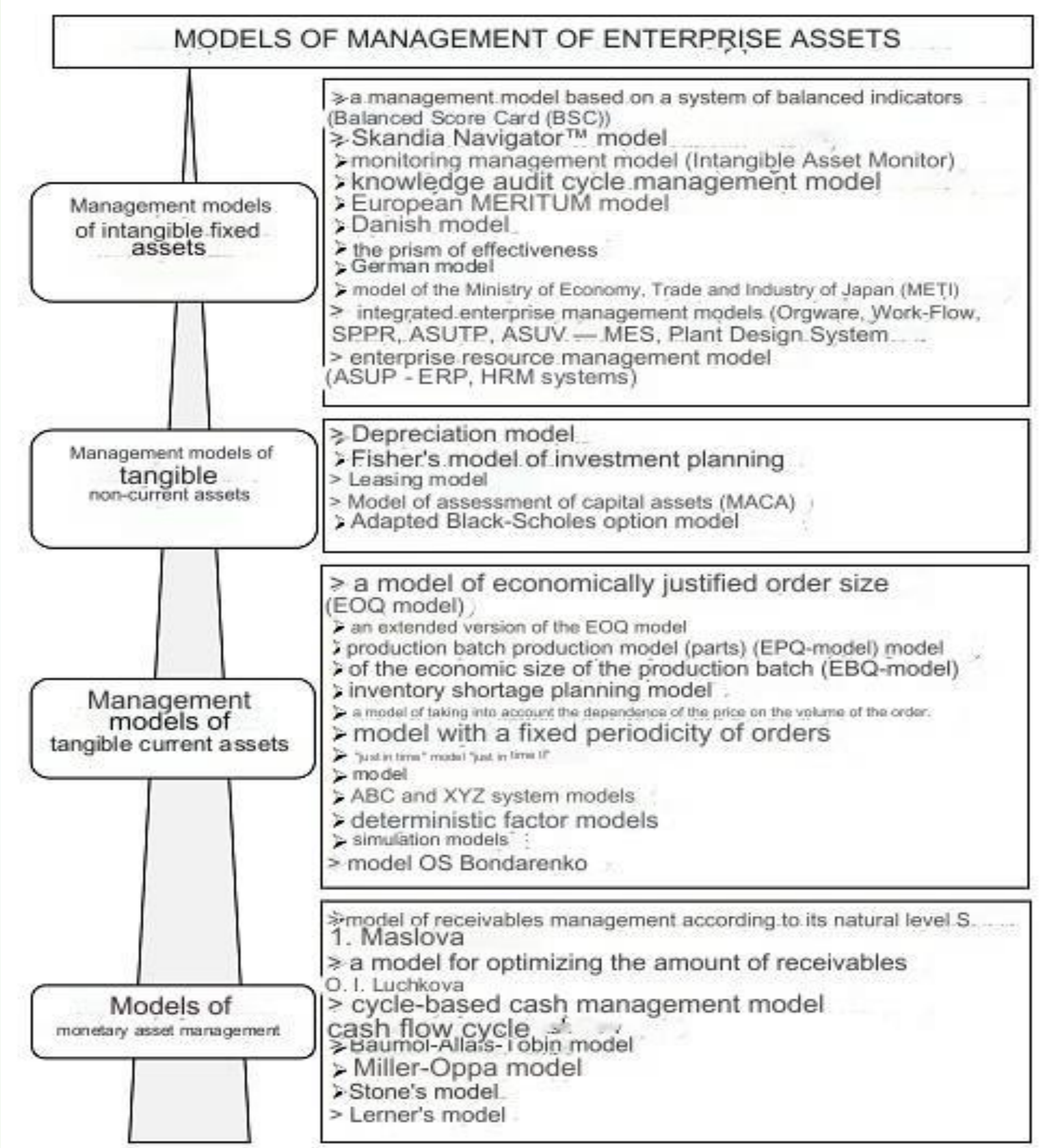
Modern construction companies often face a shortage of current assets due to the lack of efficiency in their asset management system. Rational asset management is critical for maintaining the continuity of production processes, as well as for adjusting financial flows and minimizing risks. The main goal of asset management is to maximize the wealth of the company's owners by increasing its market value, which requires the implementation of a comprehensive systematic approach that considers each element of assets as part of a dynamic system. The practice of asset management is significantly developed in foreign business, where effective asset management models have been created, which are divided into **American, European and East Asian models**. Each approach has its own peculiarities and variability, which allows it to be adapted to the specific conditions of the enterprise. Achieving this goal requires objectivity in assessing the condition of assets and the use of reliable information to make management decisions.

American model: Focused on maximizing profitability and liquidity in the short term. The focus is on flexible asset management, rapid turnover of resources and efficient use of capital.

European model: Aims to balance stability and growth, combining short-term and long-term goals. Takes into account the need for moderate risk and sustainable development with an emphasis on social responsibility.

East Asian model: Focuses on cost minimization and long-term asset accumulation. Incentivizes high cost efficiency and asset preservation with a focus on stability and sustainable development.

Current assets are key resources for the company's day-to-day operations, ensuring the continuity of production, sales and other business processes. Their effective management requires a systematic approach that takes into account the interconnectedness of all elements and their external and internal relationships. Particular attention should be paid to inventory optimization, as inventory management is aimed at minimizing the cost of purchasing, delivery and storage in order to increase overall business efficiency.



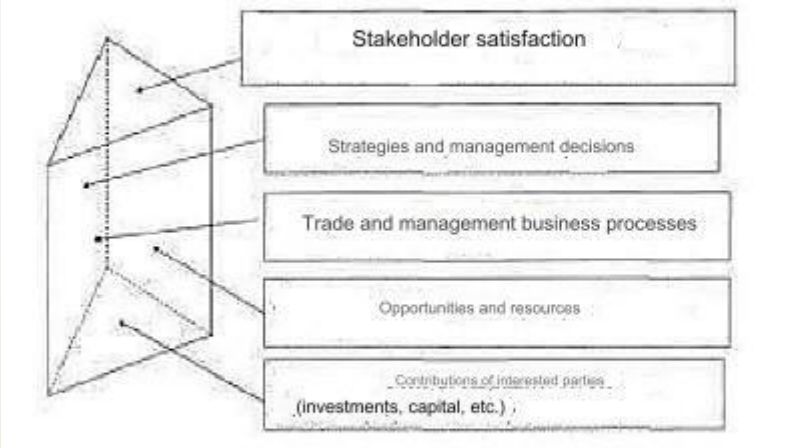
The figure shows the areas of variation in the asset management models of construction companies depending on the form of their existence.

Principles underlying current asset management models for construction companies

№	Signs	Characteristics of the principles of management of current assets
1.	The principle of interconnectedness	The management of current assets takes place within the framework of the general financial management system of enterprises, since any managerial decision affects the efficiency of enterprise activity.
2.	The principle of timeliness	Each management decision regarding the use and formation of a component of current assets should be taken on the basis of obtaining operational reliable information and in a timely manner.
3.	The principle of coordination	Aimed at achieving consistency of management decisions in the field of current assets with decisions on current liabilities.
4.	The principle of continuity	The management of current assets is considered as an ongoing process that ensures the adoption of a number of management decisions affecting the liquidity, competitiveness and solvency of the enterprise.
5.	The principle of optimality	The management decision is aimed at finding the optimal size of the volumes of current assets and all their components.
6.	The principle of rationality	All components of current assets must be rationally placed between the stages of the enterprise's reproductive process.

The prism of efficiency of a construction company

On the basis of the developed prism of efficiency of a construction enterprise, a conceptual model of a multi-circuit management system is built, which provides for technologically interconnected management of the enterprise for various purposes.



Applied asset management tools

Balanced Scorecard (BSC) - used for strategic management, providing an assessment of the company's performance by several key indicators (financial, production, marketing).

EOQ model (economic order quantity) - used to optimize inventory and minimize the cost of storage and delivery.

Capital Asset Pricing Model (CAPM) - a two-parameter model for assessing the return and risk of assets. It is used to determine the optimal level of risk for the expected return.

Just-in-Time (JIT) philosophy is a method that focuses companies on minimizing inventory and obtaining it as needed, reducing storage costs.

ABC/XYZ analysis - a combined method for assessing the importance and turnover of various groups of goods and inventory, which allows businesses to optimize inventory management.

Efficiency Prism is a conceptual model that covers the technologically interconnected management of non-current assets for various purposes, contributing to efficiency and sustainable development.

SECTION II. ANALYTICAL ASPECTS AND PRACTICAL ASSESSMENT OF ASSET MANAGEMENT EFFICIENCY AT “PBG KOVALSKA” LTD.

Within the framework of this section, the general characteristics of the business activities of Kovalska ICG LLC were investigated and the following characteristics of this company can be identified:

- **Importance in the construction industry**: The company is one of the key players in the Ukrainian construction market, in particular in the production of building materials and construction.
- **Stability and experience**: Kovalska LLC has a long history (founded in 1956), which creates a sense of reliability for customers and partners.
- **Wide specialization**: The company is engaged in both production and construction, providing itself with raw materials (concrete) through a network of its own plants.
- **Response to challenges**: The company's performance during the economic turmoil, in particular the COVID-19 pandemic, demonstrates its adaptability and ability to recover.

- **Financial performance**: Despite some negative trends, such as a decline in gross profit in 2020, Kovalska LLC demonstrates asset growth and positive changes in current assets in 2021.
- **Strategic partnerships**: Cooperation with other companies, such as UFuture, demonstrates a commitment to developing new business initiatives and improving efficiency.
- **Social impact**: The company actively supports the development of social infrastructure, creating new jobs and contributing to economic growth.

In general, “Kovalska ICG” LLC demonstrates the ability to develop in the face of challenges, has significant experience and positive prospects for further growth in the construction industry of Ukraine.

The key indicators of the company's financial and economic activities were analyzed:

1.**Asset valuation methods**: The company uses the cost model to account for intangible assets, property, plant and equipment, and investment property. This indicates a conservative approach to asset valuation, which can ensure the stability of financial statements.

2.**Intangible assets**: JSC “S. Kovalska” has only acquired intangible assets, such as software and licenses, with no internally generated assets. Amortization is performed on a straight-line basis, which simplifies accounting and cost forecasting.

3.**Property, plantand equipment**: Property, plant, and equipment are also carried at cost, and the company does not revalue its assets. This may indicate stability in the long term, but the lack of revaluations may also lead to an understatement of their fair value.

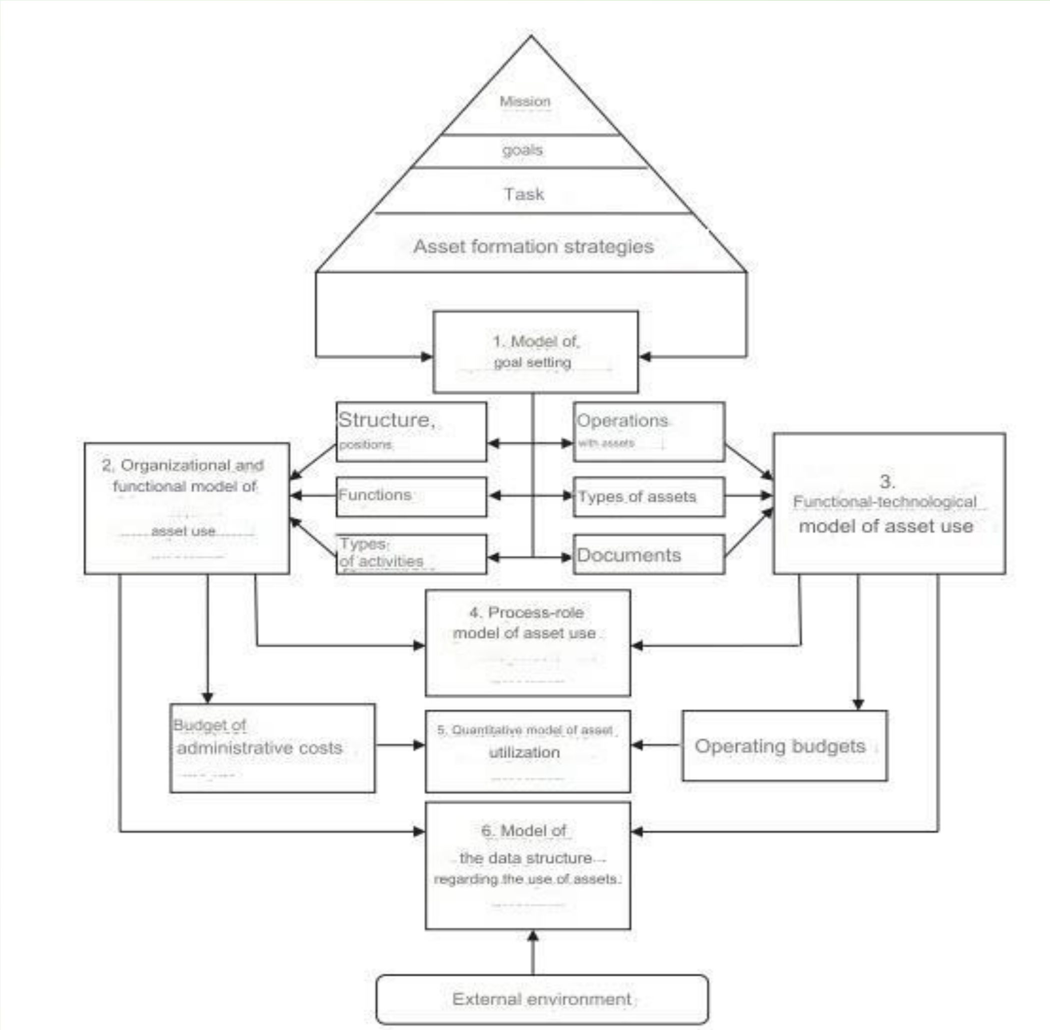
4.**Investment property**: Valued at cost, with depreciation, which may also indicate a conservative approach. A decrease in rental income in 2020 may raise concerns about the effectiveness of management of this asset category.

5.**Receivables**: The determination of provisions for expected credit losses indicates a cautious approach to the management of receivables. The existence of a provision reflects the company's awareness of the risks of non-payment.

6. Inventory: An increase in the value of inventory indicates an expansion or increase in production, but a depreciation in inventory may indicate difficulties in selling products.

7. Strategic approach: The review of strategic approaches to asset management shows the company's commitment to optimizing resources and reducing risks through the use of highly liquid assets.

In general, the asset structure of S. Kovalska JSC demonstrates a conservative approach to management, with an emphasis on stability and caution in financial decisions. At the same time, the presence of certain risks, such as a decrease in income from investment property and inventory depreciation, requires attention to ensure further growth and development of the enterprise.



Strategic business model for the formation and use of assets of JSC “S. Kovalska ZZBK”

SECTION III. PROPOSALS FOR IMPROVING THE EFFICIENCY OF ASSET MANAGEMENT OF A CONSTRUCTION COMPANY

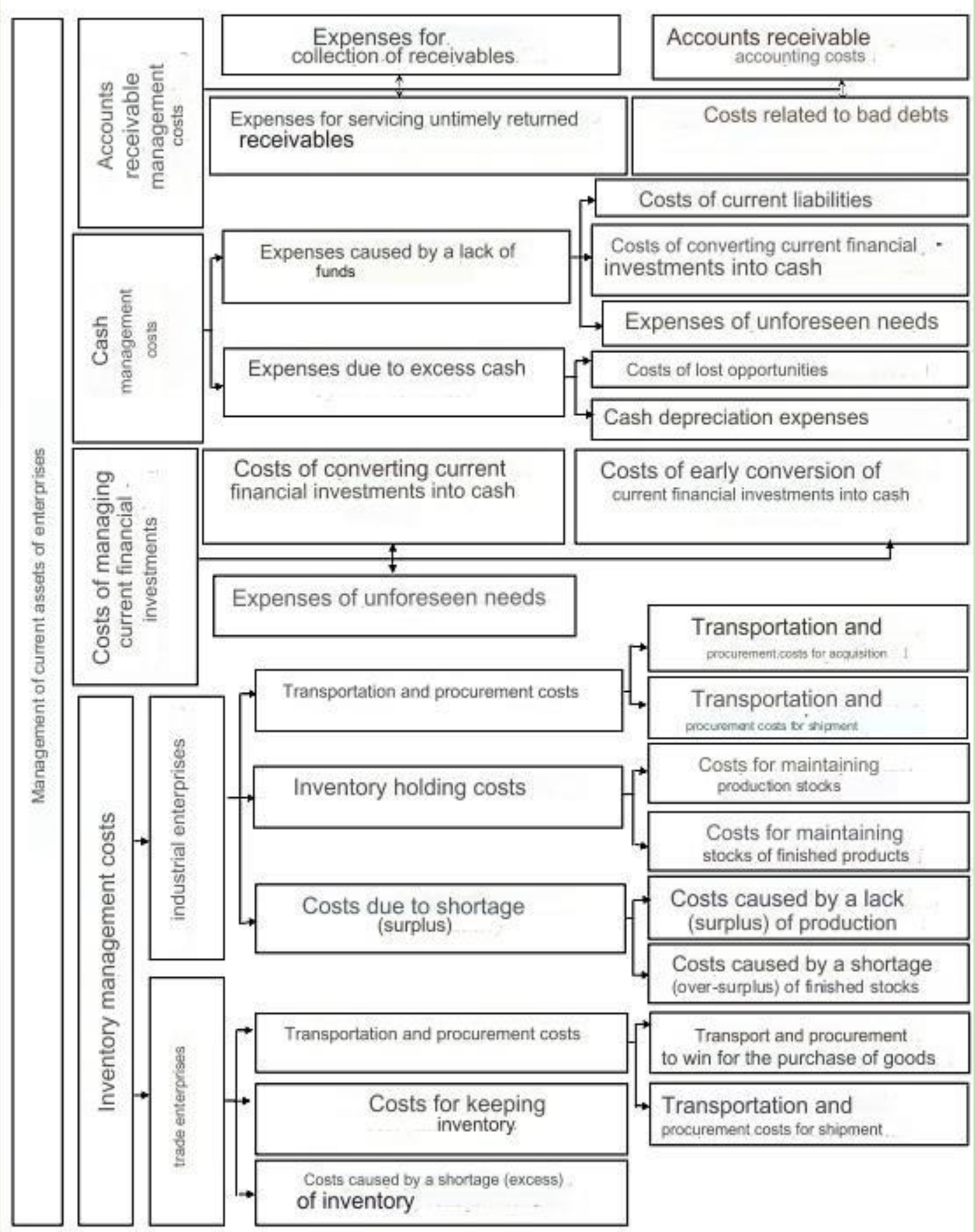
The article analyzes the efficiency of the asset management system of JSC “S. Kovalska ZZBK”:

- Asset management is considered as a key element of financial management, including the formation and use of assets. A number of tasks have been identified, such as the formation of the volume of assets, optimization of their structure and ensuring efficient use.
- The assets are analyzed by means of horizontal and vertical analysis, which allows to assess changes in the composition and structure of assets for different periods. The positive dynamics of current assets is revealed, while non-current assets show instability.
- The process of optimizing the composition of assets, including the selection of progressive types of assets and ensuring liquidity, is considered. The main reserves for growth are identified in improving the efficiency of non-current assets.
- The importance of managing the financing of current assets is determined. Different approaches (conservative, moderate, aggressive) and their compliance with the financial strategy of the enterprise are considered.
- An integral indicator of asset management efficiency is calculated, which shows a high level in 2019 (0.92) and a sharp decline in 2020 (0.65), which requires management's attention to analyze the reasons for the decline.

- The importance of a system of indicators for a comprehensive assessment of asset management is emphasized, which allows identifying shortcomings and risks, as well as identifying ways to improve efficiency.

- It is determined that in order to improve asset management, it is necessary to implement flexible strategies that quickly adapt to changes in the external environment.

In general, the study points to the need for a systematic approach to asset management, with a focus on analysis, optimization and strategic financing to improve the overall efficiency of the enterprise.



Classification of expenses for management of current assets of JSC "ZZBK named after S. Kovalska"

After analyzing the asset management models of the construction company, the following strengths of the company were identified:

Integration of social responsibility - the company actively integrates socially responsible management (SRM) into its operations, which can improve its reputation and secure support from stakeholders.

A structured approach to asset management - the company has created an asset management toolkit that allows it to use resources more efficiently.

Availability of an evaluation system - a system of evaluation indicators has been developed to assess the level of social responsibility (for example, according to the ISO26000 standard), which ensures control and transparency in decision-making

Comprehensiveness of the**asset management model -** the model covers organizational, process, information and functional components, which allows to increase the efficiency of assets.

Consideration of industry specifics - the assessment methodology takes into account specific industry indicators, which increases the relevance of indicators for the construction industry.

Weaknesses of the company:

The need to upgrade equipment - problems with the renewal of fixed assets, which is associated with the financial difficulties of the Ukrainian industry.

Dependence on outdated methods of working capital management - it is necessary to improve the approach to current asset management, as outdated methods hinder production efficiency.

Difficulties with investing in new equipment - limited funding constrains the ability to purchase new powerful units and modernize.

Reduced equipment productivity - lack of technical improvements in equipment can lead to downtime and reduced efficiency of production processes.

Ways to solve problematic issues are proposed:

Modernization of equipment - it is proposed to upgrade the technical and technological base of the enterprise, including the replacement of outdated equipment, timely repair and maintenance.

Expansion of production tools - it is recommended to increase the number and improve the quality of production tools, which can reduce the number of downtime.

Increasing the intensity of equipment operation - improving production techniques and technology will allow for maximum utilization of existing equipment.

Improvement of working capital management methods - abandonment of outdated forms of current asset management that hinder efficiency growth.

Development prospects:

Increased competitiveness - due to the implementation of the ICMS and improved management decisions, the company can gain competitive advantages in the construction industry.

Optimization of financial flows - the functional model of asset management proposed in the text will allow the company to increase the efficiency of asset use, which will lead to improved financial results.

Improvement of export potential - efficient use of working capital will contribute to the development of the company in the international market.

Thank you for your attention!