

Artículo de investigación

Methodological issues of financial analysis in oil construction companies

Методологические вопросы финансового анализа в нефтяных строительных компаниях

Cuestiones metodológicas del análisis financiero en empresas de construcción petrolera

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<https://orcid.org/0000-0001-7995-3792>**Abstract**

This paper aims to propose the technique of financial analysis in oil construction companies by setting up and evaluating average industry values reflecting influence of external and internal factors using a data set from 2014 to 2018. Different approaches have been considered to assess financial state; set of financial ratios was chosen. Our findings showed unreasonableness of usage next financial ratios due to oil industry characteristics: ratio of security own funds, real value of the property ratio, maneuverability capital ratio. Analysis revealed deviations regarding next indicators: cash ratio, returns on assets ratio, financial autonomy ratio, ratio of own and borrowed funds. To improve financial

Аннотация

Целью данной работы является предложить методику финансового анализа в нефтяных строительных компаниях путем создания и оценки средних отраслевых значений, отражающих влияние внешних и внутренних факторов, с использованием набора данных с 2014 по 2018 годы. Для оценки финансового состояния были рассмотрены различные подходы; набор финансовых коэффициентов был выбран. Наши результаты показали необоснованность использования следующих финансовых коэффициентов в связи с характеристиками нефтяной отрасли: коэффициент обеспеченности собственными средствами, коэффициент реальной

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ratios the matrix of management decision-making was elaborated, which may be useful if ratios above or below industry average value.

Keywords: Financial analysis, oil company, industry characteristics.

стоимости имущества, коэффициент маневренности капитала. Анализ выявил отклонения по следующим показателям: коэффициент денежных средств, коэффициент рентабельности активов, коэффициент финансовой автономии, соотношение собственных и заемных средств. Для улучшения финансовых коэффициентов была разработана матрица принятия управленческих решений, которая может быть полезна, если коэффициенты выше или ниже среднего значения по отрасли.

Ключевые слова: финансовый анализ, нефтяная компания, отраслевые характеристики

Resumen

El objetivo de este trabajo es proponer una metodología para el análisis financiero en las compañías petroleras mediante la creación y evaluación de valores promedio de la industria que reflejen la influencia de factores externos e internos utilizando un conjunto de datos de 2014 a 2018. Para evaluar la situación financiera, se consideraron varios enfoques; Se ha seleccionado un conjunto de ratios financieros. Nuestros resultados mostraron el uso irracional de los siguientes índices financieros en relación con las características de la industria petrolera: índice de capital, índice de bienes inmuebles, coeficiente de movilidad del capital. El análisis reveló desviaciones en los siguientes indicadores: coeficiente de efectivo, rendimiento de los activos, índice de autonomía financiera, índice de fondos propios y prestados. Para mejorar los índices financieros, se desarrolló una matriz de toma de decisiones gerenciales, que puede ser útil si los índices están por encima o por debajo del promedio de la industria.

Palabras clave: Análisis financiero, compañía petrolera, características de la industria.

Introduction

In modern conditions key stakeholders of companies need an objective and relevant information concerning financial performance of organization. Specific outcomes are considered as starting points to make further progress. Application methods of financial analysis allow to identify the main factors defining financial state of organization and assess their impact. There is a need to take into account sectoral characteristics stemming from the particular situations of the oil construction enterprises. These specificities may be transferred to financial analyses by setting up recommended values of indicators. Oil sector is the key industry of specialization in Russian economy. According OPEC data (Annual Statistical Bulletin 2017) the contribution of Russian in world oil production is 13.92%.

The oil construction companies operate both internal and world market being influenced by external shocks. The principal development objective of oil industry is ensuring national

security and defense capability by government control over policy-relevant oilfields. In general, oil industry remains the successful regarding investments what enables implement huge projects. Thus, the issues of financial management based on high-quality analysis are becoming important. For this study we chose three oil Russian companies and calculated industry average values of financial indicators which allow us pay attention to specific characteristics of oil sector. Further we conducted financial analysis for oil company Rosneft involving values calculated on previous step. As a result the matrix of management decision-making was elaborated.

Theoretical framework

At present the use of financial ratios to assess financial state of enterprise has spread across many theoretical and empirical lines. Traditional model for predicting bankruptcy was elaborated by Altman (1968), further research focused on

different issues such as relationships between size of non-financial firms and probabilities of bankruptcy (Kalak, Hudson, 2016), diversity of bank's risks - rate risk, credit risk, liquidity risk and solvency risk (Dimitropoulos, Asteriou, Koumanako, 2010), accounting restatement analysis (Jiang, Habib, Zhou, 2015).

Hosaka (2019) applies convolutional neural networks to the prediction of corporate bankruptcy. His method builds on calculations of accounting variables derived from the financial statements (current assets, fixed assets, current liabilities, fixed liabilities, net assets). Linares-Mustarós, Coenders, Vives-Mestres (2018) classify firms according to the similarity of their financial structures through the using alternative statement analysis method aimed on isometric logarithms of financial ratios.

ElFayoumi (2018) measures the impact of structural oil market shocks on the enterprise's balance sheet relating to covering manufacturing, trade and mining sectors. His findings show that an unexpected disruption in oil supply that raises oil prices and lowers firm profits. Judge (2019) conducts in-depth financial analysis of offshore wind farms. Author develops universal model which considers the impact of uncertain variables on results such as weather conditions and can be useful to a variety of end-users. Pokki, Virtanen, Karvinen (2018) assess economic performance of fisheries in two ways

using economic and financial analysis, which differ on account of the distinct treatment of capital costs. A fleet segment with old vessels shows a positive result in financial statements meanwhile the long-term economic analysis indicates losses when accounting for the opportunity cost of the capital invested.

Lee (2015) calculated the major financial ratios of national university hospitals using reports on their final accounts from 2008 to 2011 and proved a general decrease in total assets, an increase in liabilities, and a decrease in total medical revenues with a continuous deficit in many hospitals. Ivanov (2016) considers relationships between financial state of oil enterprises and territorial development. Klimova, Krasnoselskaya (2011) use benchmarking to assess financial position of firms within region. In their next work the authors researched relationships between sales revenue of oil company and industry specific and exogenous characteristics (Klimova, Krasnoselskaya, Khamzina 2018). Results showed that index of industrial production, export oil duty, costs of oil production had a statistically significant positive impact on sales revenues. Traditional techniques focus on complex analysis being done on the indicators of liquidity, financial stability, profitability, analysis of financial results and probability of bankruptcy. Their advantages and limitations are presented in the table 1.

Table 1. Comparative analysis of financial analysis techniques

Author	Assessment of financial condition	Advantages	Limitations
Efimova, 2010	Assessment of financial condition is a part of the financial analysis based on a study of both the current and future financial condition of the company.	In-depth study internal aspects of enterprise allows to expand information basis; rapid assessment of financial state by financial ratios.	There is no accounting for inflation; it does not pay attention to structure of property.
Kovalev, 2014	The financial condition is considered from the short-term perspective (liquidity, paying capacity and the current company position in the stock market) and a long-term perspective (financial stability, absence signs of bankruptcy and prospects for changing the company's position in the stock market).	Technique contains two-modules: express analysis of the organization and detailed analysis of the financial condition; it takes into account industry specific.	It is labor-intensive due to plenty of financial ratios.

Balabanova, 2012	Financial condition is a characteristic of its financial competitiveness, the end result of usage financial resources and capital.	Variety of used methods: comparison, grouping methods and the method of chain substitutions; deep horizontal analysis; comparability of the indicators through indexation.	«Fuzzy» technique; insufficient analysis of financial ratios.
Dontsova and Nikiforova, 2015	Financial condition assessment contains critical evaluation of size and structure of assets and liabilities.	Simplicity and convenience of estimating procedures. The technique contains the diagnosis of bankruptcy.	It is labour-intensive due to duplication of financial ratios.
Savitskaya, 2010	The financial condition of an enterprise is studied through a system of indicators reflecting the state of capital in the process of its circulation. Financial condition is defined as payment capacity of enterprise.	Comparison of the actual results with the results of previous years.	The complexity of the perception of methods and calculations of financial ratios.

Source: own elaboration

Having reviewed analysis techniques with respect to advantages and limitations following conclusions may be drawn: firstly, main goal of the most techniques is assessment the enterprise's financial condition and identification of potential performance improvement; secondly, authors determine financial condition as capacity to finance ongoing activities, thirdly, key restrictions include labour-intensity, critical values of the coefficients ignore industry specifics.

Despite the numerous of financial ratios and techniques key issues for the research have serious practical drawbacks of use. They do not pay attention to specific factors arising from features of current firms activities. In our opinion, the most appropriate methodology of data analysis which able to be adapted to oil companies is Efimova's technique because of availability of data for the analysis and its simplicity. So, this paper differs because it proposes method of setting up recommended values for oil companies which fulfills this gap.

The article is organized as follows. Methodology reviews the calculation of financial coefficients

in respect to oil industry and data set. Case studies provide empirical results. A conclusion summarizes the main results.

Methodology

Functioning oil industry enterprises have to struggle with unfavorable external factors building on internal resources and potential as well. In this case correct interpretation industry specific and assessment perspectives of internal growth can be served as effective management tool for decision making. For instance, capital intensity of industry determines higher share of fixed assets in the balance sheet, significant share of depreciation and repair costs in the cost structure. A significant proportion of costs regarding to exploitation of the natural resources is caused by depletion of existing reserves. To measure financial state of oil enterprise (Rosneft) we use next ratios (table 2) extracted from Efimova's technique. These indicators have common recommended values, thus in order to take into account industry characteristics we calculated average values (benchmark values), based on data of three oil companies - Lukoil, Gazprom, Transneft.

Table 2. System of indicators offered for the assessment of financial state

Indicators	Calculation algorithm
Liquidity	
Cash ratio	Absolutely liquid assets / hot and short-term liabilities
Current ratio	Current assets less accounts receivable due after 12 months / hot and short-term liabilities
Ratio of security own funds	Own capital less non-current assets / current assets
Indicators	Calculation algorithm
Business activity of the enterprise	
Capital productivity ratio	Revenue / fixed assets
Returns on assets ratio	Net profit /assets
Financial stability	
Financial autonomy ratio	Own capital/assets
Manoeuvrability capital ratio	Own working capital/own capital
Long-term borrowing ratio	long-term liabilities/(long-term liabilities+own capital)
Structure loan capital ratio	long-term liabilities/ loan capital
Real value of the property ratio	(Fixed assets+ raw material+ work in progress)/ balance currency
Ratio of own and borrowed funds	loan capital/Own capital
Returns on assets ratio	Net profit /assets
Financial stability	
Financial autonomy ratio	Own capital/assets
Manoeuvrability capital ratio	Own working capital/own capital
Long-term borrowing ratio	long-term liabilities/(long-term liabilities+own capital)
Structure loan capital ratio	long-term liabilities/ loan capital
Real value of the property ratio	(Fixed assets+ raw material+ work in progress)/ balance currency
Ratio of own and borrowed funds	loan capital/Own capital

Source: Efimova, 2013

Cash ratio shows which part of the short-term debts company can pay off in the near future using cash (table 3).

Table 3. Cash ratio values

Enterprises	2014	2015	2016	2017	2018	Industry average value	Recommended value
Lukoil	0.43	1.05	1.76	1.32	0.33		
Gazprom	0.71	0.8	0.63	0.23	0.45	0.7	>0.2-0.5
Transneft	0.56	0.33	0.68	0.55	0.57		

Source: own elaboration

Analysis cash ratios of oil companies has shown that indicators are within the range of recommended values what proved their ability to repay hot and short-term debts. The explanation has a twofold nature: oil companies significantly reduced short-term liabilities and increased the revenue as well.

The current ratio reflects the company's ability to repay current liabilities using current assets only. Recommended value of the coefficient from 1 to 2 (table 4). A value below 1 indicates that an enterprise is not able to consistently pay current accounts. At the same time high value indicates an inefficient use of financial resources by an enterprise.

Table 4. Current ratio values

Enterprises	2014	2015	2016	2017	2018	Industry average value	Recommended value
Lukoil	0.91	1.51	2.11	1.73	0.82		
Gazprom	1.46	1.39	1.13	0.95	1.11	1.18	1-2
Transneft	0.95	0.63	1.29	0.83	0.88		

Source: own elaboration

Ratios are presented in the table 4 clearly demonstrate negative trend which can be explained by higher rates decline of current assets due to reduction of raw material and cash.

On the next step we calculate ratio of security own funds for the period 2014-2018. Our calculated values are negative because of two reasons (table 5).

Table 5. Ratio of security own funds

Enterprises	2014	2015	2016	2017	2018	Industry average value	Recommended value
Lukoil	-0.34	-0.05	0.16	0.22	-0.51		
Gazprom	-0.28	-0.54	-1.025	-1.45	-0.72	-	1.1
Transneft	-2.28	-3.51	-2.48	-2.68	-2.55		

Source: own elaboration

From one side, oil industry is capital-intensive that involves greater amounts of non-current assets than own capital. On the other side, the small size of own capital in comparison with non-current assets is caused to the need of borrowing capital due to huge investment projects. In view of the above the usage of this ratio will be inappropriate.

For estimation business activity of the enterprise we use next indicators – capital productivity ratio

and returns on assets ratio. Capital productivity characterizes the level of efficiency using fixed production assets of an enterprise or industry. In assessing the use of resources through indicators of capital productivity ratio we consider that the share of fixed assets at oil enterprises is large, therefore, the capital productivity may be lower than in other industries and capital productivity ratio should be analysed in dynamics. Table 6 shows the indicators of capital productivity.

Table 6. Capital productivity ratio

Enterprises	2014	2015	2016	2017	2018	Industry average value	Recommended value
Lukoil	19.79	18.19	17.54	20.52	15.08		
Gazprom	178.90	445.44	562.98	680.08	1331.50	16.22 ⁸⁰	-
Transneft	11.47	26.53	14.12	9.38	9.61		

Source: own elaboration

Table 6 permits the following conclusions. Gazprom demonstrates positive dynamic due to stable macroeconomic framework and effectiveness of the financial management. The sharp drop of 46.77 percentage points in Transneft compared to 2014-2015 is explained by revaluation of fixed assets at market prices. Thus industry average value should be calculated

according data Lukoil and Transneft in order to avoid distortions of ratio. At the Lukoil enterprise the figure decreased by 26% in 2017 compared to 2016 because of the sharp decline revenue.

Returns on assets ratio is one of the most important integrated indicators for assessing the results of the main enterprise activities (table 7).

Table 7. Returns on assets,%

Enterprises	2014	2015	2016	2017	2018	Industry average value	Recommended value
Lukoil	16.19	21.18	29.54	9.38	9.75		
Gazprom	7.92	1.22	1.15	8.34	9.82	8.402	4
Transneft	1.21	1.04	1.02	2.75	5.53		

Source: own elaboration

When analyzing profitability indicators it is necessary to take into account factors affecting the magnitude of the profitability of enterprises in the oil industry: high rate

overall profitability of oil business, constant sales growth, constant rising of costs because of material intensity. Calculation of profitability ratios shows a negative trend. Gazprom and

⁸⁰ It was calculated without using Gazprom's data

Transneft in period under review incurred significant costs in respect to repair cost, expenditures on R&D, purchasing fixed assets and investment in construction. The dynamics of returns on assets ratio at the Lukoil is very unstable. In 2016 compared to 2015 the return on assets decreased by 68.2%. The decrease in the annual indicator in the company

is explained mainly by the non-monetary effect due to exchange rate volatility.

The financial autonomy ratio shows how independent businesses are from lenders. The smaller the value the more companies are dependent on loans (table 8).

Table 8. Financial autonomy ratio

Enterprises	2014	2015	2016	2017	2018	Industry average value	Recommended value
Lukoil	0.67	0.65	0.64	0.68	0.66		
Gazprom	0.34	0.22	0.17	0.24	0.27	0.36	0.5-0.7
Transneft	0.16	0.14	0.13	0.17	0.18		

The oil industry is capital-intensive therefore long-term loans are required to finance companies that means the share of equity should be smaller compared with other industrial branches. Data presented in the table show increasing Lukoil's and Transnet's dependence on borrowed capital, at the same time Lukoil demonstrates positive dynamics due to \$1 billion

bond issuance and large amount of money (12 bln. rbl. in 2014 and 94 bln. rbl. in 2015) to make payments towards its creditors.

Maneuverability capital ratio (table 9) shows proportion of the working capital in the total amount of own funds.

Table 9. Maneuverability capital ratio

Enterprises	2014	2015	2016	2017	2018	Industry average value	Recommended value
Lukoil	-0.11	-0.02	0.71	0.12	-0.15		
Gazprom	-0.23	-0.43	-0.66	-0.67	-0.49	-0.43	>0.5
Transneft	-0.79	-0.96	-0.77	-0.83	-0.8		

Source: own elaboration

The excess of non-current assets in comparison with own funds at the oil enterprises gives a negative value of working capital therefore the coefficient will almost always be negative.

Consequently its application will be inappropriate for a comprehensive analysis. The long-term borrowing ratio shows the share of borrowed funds in the total amount of functioning capital. Table 10 presents the calculations of this coefficient.

Table 10. Long-term borrowing ratio

Enterprises	2014	2015	2016	2017	2018	Industry average value	Recommended value
Lukoil	0.08	0.17	0.19	0.11	0.08		
Gazprom	0.47	0.65	0.74	0.64	0.56	0.51	0.2-0.5
Transneft	0.77	0.8	0.83	0.77	0.75		

Source: own elaboration

Among three companies Lukoil and Transneft have revealed varying trends. The long-term borrowing ratio has significantly increased in the case with Gazprom, its long-term liabilities showed growth by 59 per cent between 2014 and

2018. long-term loans were involved within capital construction and centralization of cash flows subsidiaries. The structure loan capital ratio shows proportion of the company's borrowings belong to long-term loans and credits (table 11).

Table 11. Structure loan capital ratio

Enterprises	2014	2015	2016	2017	2018	Industry average value	Recommended value
Lukoil	0.05	0.11	0.13	0.08	0.05		
Gazprom	0.23	0.29	0.31	0.30	0.25	0.24	-
Transneft	0.36	0.34	0.38	0.35	0.35		

Source: own elaboration

The larger the share of long-term liabilities in the structure of borrowed capital the more non-current assets are financed - construction, equipment, buildings. Conversely, decreasing ratio shows an increase in the cost of current assets which provides the current activities of the company. The structure of borrowed capital allows determine the policy of the company for

financing non-current and current assets. The predominant source of investment is long-term liabilities. Therefore the value of the coefficient in the norm should conform to the value 0.24. Further we calculate the real value of the property ratio (table 12). Since the oil industry is one of the most capital-intensive industries, the value of the ratio must be greater than 0.5.

Table 12. Real value of the property ratio

Enterprises	2014	2015	2016	2017	2018	Industry average value	Recommended value
Lukoil	0.75	0.66	0.16	0.59	0.77		
Gazprom	0.52	0.51	0.61	0.72	0.59	0.65	0.3-0.5
Transneft	0.77	0.82	0.76	0.78	0.78		

According the calculations results industry average value is 0.65. Given the fact that enterprises have no intention to stop operating and coefficient is estimated to determine the share of property that can be actually sold during

the liquidation of the enterprise we will not include it in financial analysis. On the next step the ratio of own and borrowed funds was calculated (table 13).

Table 13. Ratio of own and borrowed funds

Enterprises	2014	2015	2016	2017	2018	Industry average value	Recommended value
Lukoil	2.01	1.83	1.81	2.14	1.9		
Gazprom	0.52	0.28	0.2	0.32	0.36	0.82	0.5-.07
Transneft	0.2	0.16	0.15	0.2	0.22		

Source: own elaboration

Having analyzed the ratio of own and borrowed funds, we can conclude that the average value for the industry is 0.82 that means fragile financial situation of oil companies due to excessive concentration of loan capital. Lukoil has values greater than 1 that means devastating dependence on loans and worsening current financial situation.

Assessing the financial sustainability of oil companies it must be noted that there is no reason to calculate indicators such as ratio of security own funds, real value of the property ratio, maneuverability capital ratio because these coefficients do not carry any additional information to assess the independence of oil enterprises industries from borrowed sources and make the analysis more cumbersome.

Thus next ratios may be recommended to analyze the financial condition of enterprises in the oil industry.

1. Liquidity (cash ratio, current ratio).
2. Business activity of the enterprise (capital productivity ratio, returns on assets ratio).
3. Financial stability (financial autonomy ratio, long-term borrowing ratio, structure loan capital ratio, ratio of own and borrowed funds).

Case study

In this section we will conduct financial analysis using the above-mentioned proposed technique on the enterprise Rosneft. Conclusions will be made in accordance with the selected industry average values. The indicators are presented in table 14.

Table 14. Calculation results for Rosneft

Rosneft's ratios	2014	2015	2016	2017	2018	Average	Recommended value
Cash ratio	0.48	0.38	1.07	0.65	0.32	0.58	>0.2-.5
Current ratio	1.26	1.36	2.22	1.4	1.36	1.52	1-2
Capital productivity ratio	4.22	4.49	3.82	4.08	4.12	4.15	-
Returns on assets ratio%	2.55	3.13	5.34	2.91	3.04	3.39	4
Financial autonomy ratio	0.28	0.17	0.15	0.15	0.15	0.18	0.5-0.7
Ratio of own and borrowed funds	2.59	4.74	5.52	5.43	5.54	4.76	0.5-0.7
Structure loan capital ratio	0.31	0.35	0.38	0.38	0.38	0.36	-
long-term borrowing ratio	0.66	0.76	0.81	0.8	0.8	0.77	0.2-0.5

Source: own elaboration

Taking close look on data presented in the table we can make next conclusions. Firstly, current ratio is within the recommended interval, average cash ratio is above recommended value reflects that part of the cash should be invested. Secondly, capital productivity ratio demonstrates uncertain changes related to revaluation of fixed assets and revenue dynamics is affected by ruble volatility. Returns on assets ratio is below Industry average value, so additional measures to

increase this indicator should be developed. Thirdly, characteristics of financial stability with exception of ratio of own and borrowed funds show adequate level of the structure capital meeting current conditions of operational work. To elaborate efficient measures aiming on improvement financial state we have developed matrix of management decision-making which allows to choose appropriate measures depending on ratio value (table 15).

Table 15. Matrix of management decision-making

Ratio	Industry average value	Rosneft average value	Management decision-making if ratio above industry average value	Management decision-making if ratio below industry average value
Cash ratio	0.7	0.58	<ul style="list-style-type: none"> - Analysis of the financial market from the position of the most reliable and profitable allocation of temporarily free funds; - Investments in pre-exploration activities, exploration, field development and oil refining. 	<ul style="list-style-type: none"> - Replenishment of turnover from the profits; - Attracting more diverse sources of finance.
Capital productivity ratio	In dynamics	In dynamics	It is necessary to increase the efficiency of the use equipment, continue the implementation of the modernization program.	

Returns on assets ratio	8.4	3.28	Keeping favorable financial ratio	Cost reduction by setting up optimal purchase price, increasing processing depth, implementation of technical re-equipment of the enterprise. - Increasing the ownership capital through the reinvestment of profits; - Increasing the size of the reserve fund, as well as improve its accounting and reflection in the balance sheet; - Attraction additional funds of founders.
Financial autonomy ratio	0.35	0.18	Keeping favorable financial rati	
Ratio of own and borrowed funds	0.82	4.76	- Increasing the ownership capital through the reinvestment of profits; - Increasing the size of the reserve fund, as well as improve its accounting and reflection in the balance sheet;	Keeping favorable financial ratio
long-term borrowing ratio	0.51	0.77	- Attraction additional funds of founders. reducing long-term liabilities by selling unused stocks and equipment	
Structure loan capital ratio	0.36	0.24		Keeping favorable financial ratio

Source: own elaboration

We proposed universal matrix of management decision-making which can be used in case of actual oil companies ratios value below and above industry average value as well. Calculations demonstrated satisfactory financial position of oil company primary affected by economic sanctions, devaluation of the ruble, the need to attract borrowed capital for financing huge investment projects. Among positive factors we should highlight effective asset-building policy, government support, and the profitability of the business throughout the whole value chain.

Conclusions

Having conducted a financial analysis at Rosneft using average criterial values for the industry we

found deviations in next indicators: cash ratio, returns on assets ratio, financial autonomy ratio, ratio of own and borrowed funds, long-term borrowing ratio.

As cash ratio shows Rosneft has not enough cash to provide the most urgent payments. One of the ways to remedy the situation is attracting short-term loans. At the same time other groups of assets can serve as a guarantee. Another avenues of attracting monetary funds: to increase the size of price discounts at Rosneft's petrol stations; to use the modern forms of reinvesting receivables - for example, factoring; to sell unused types of fixed assets, intangible assets, stocks, to strengthen the claim work in respect to timely collection of penalties and receivables.

Next ratio – returns on assets which can be improved by the establishment of an optimal

level of purchase prices for raw materials and developing sales in the domestic market of the Russian Federation. Indicators of returns on assets also significantly depend on technical condition of equipments. Outdated equipment at the refineries leads to accidents at the plants, generally affects the volume of production. Therefore, timely monitoring of equipment and production installations is necessary in order to replace unproductive equipment with more modern ones and prevent possible accidents.

Financial autonomy ratio, ratio of own and borrowed funds, long-term borrowing ratio demonstrate growing dependence on borrowed capital. There next steps should be taken: to grow the ownership capital by reinvestment of profits, to reevaluate fixed assets, to attract additional funds from founders.

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