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FACTOR ANALYSIS OF PROFITABILITY OF EQUITY: THE ESSENCE AND METHOD OF CONDUCTING

Summary

The importance of equity analysis as an essential component of the enterprise accounting system is investigated in the article. The analysis of the existing approaches, concerning the need of a complex analysis of the equity invested in the activities of business entities, is done. It is established that the analysis of the efficiency of the use of equity should be based on the determining of its profitability.

Attention is drawn to the issue that the factor analysis plays an important role in managing equity, as it involves a complex study of the factors' influence on the value of equity. In the process of factor analysis, the model of "profitability on equity" was supplemented with the following indicators : gross profit (loss); other operating income; administrative expenses; selling expenses ; other operating expenses; financial result of the operating activities ; income and expenses of the financial and other ordinary activities; tax burden.

In the article an author's model of "profitability on equity" was proposed. It takes into account the additional factors affecting the financial performance of an entity, that provides the formation of the analytical information that will be used in drawing conclusions about the performance of the business unit.

Keywords: equity, profit, valuation, analysis, efficiency, profitability.

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