

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Economics**



**Bachelor Thesis**

**Economic analysis of Facebook**

**Stepan Vodopyanov**

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# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

## BACHELOR THESIS ASSIGNMENT

Stepan Vodopyanov

Business Administration

Thesis title

**Economic Analysis of Facebook**

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### Objectives of thesis

Comparing Facebook with other social networks

This work is devoted to the study of the meaning and essence and role of financial analysis in enterprise management.

The relevance of this study is confirmed by widespread transformations in financial management of enterprises. Legislative innovations, rapidly changing economic conditions, and the introduction of Western management frameworks provide the basis for a wide range of scientific research. This topic is currently being studied extensively by domestic financiers. A number of emerging contradictions determine the further development of financial science.

### Methodology

The most important groups of financial indicators:

1. Liquidity indicators.
2. Indicators of financial stability and solvency.
3. Indicators of profitability.
4. Indicators of business activity.
5. Indicators of market activity

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**Keywords**

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Analysis of economic activities in industry

Financial management of the enterprise. Problems, concepts and methods

Financial management: Training course

Fundamentals of Financial Management

Theory of Economic Analysis

1. Bogdanovskaya LA, Vinogradov GG, Migun OF, etc. / Under the general editorship of VI. Strazheva – Analysis of economic activity in industry. – M.: Higher School, 2016-411.
2. Babo A. Profit. – Moscow: OJSC Progress IG, Universus, 2015, 176 p.
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9. Kreynina M.N. Financial condition of the enterprise. Methods of evaluation. – M.: ICC "DIS", 2015-331S.
10. Markar'yan EA, Gerasimenko G.P. The financial analysis. – Rostov-on-Don, 2014-223.

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## **Declaration**

I declare that I have worked on my bachelor thesis titled "Economic analysis of Facebook" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 15.03.2015

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**Stepan Vodopyanov**

### **Acknowledgement**

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# Ekonomická analýza Facebooku

## Souhrn

Tato práce se zabývá studiem významu, podstaty a role finanční analýzy v řízení podniku. Význam této studie potvrzují rozsáhlé změny ve finančním řízení podniku. Legislativní inovace, rapidní změny ekonomických podmínek a zavedení západních řízení rámců poskytující základ pro širokou škálu vědeckého výzkumu. Toto téma je v současné době rozsáhle zkoumáno domácími finančníky. Řada vznikajících rozporů určuje další vývoj finanční vědy. Finanční analýza, finanční účel, Facebook, sociální média, analýza finanční stability.

**Klíčová slova:** Finanční analýza, finanční situace, Facebook, sociální média, analýza finanční stability.

# Economic analysis of Facebook

## Summary

This work is devoted to the study of the meaning and essence and role of financial analysis in enterprise management.

The relevance of this study is confirmed by widespread transformations in financial management of enterprises. Legislative innovations, rapidly changing economic conditions, and the introduction of Western management frameworks provide the basis for a wide range of scientific research. This topic is currently being studied extensively by domestic financiers. A number of emerging contradictions determine the further development of financial science.

In theoretical part of this work I will go through such concepts as:

1. Concept of social network
2. Development of social network
3. Essence of financial analysis
4. Analysis of financial independence and capital structure etc.

I will also consider the main companies acquired by facebook in recent times, like Instagram and WhatsApp.

**Keywords:** Financial analysis, financial condition, Facebook, social media, analysis of financial stability.

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## **List of abbreviations**

A Assets

L Liabilities

CL Current liquidity

PL Prospective liquidity

IPO Initial Public Offering

VR Virtual Reality

CEO Chief Executive Officer

# 1 Introduction

Analysis of the financial condition of the organization is of paramount importance for a wide range of users-owners, managers, investors, analysts, creditors. The content of the analysis of financial condition depends on the goals.

The meaning of financial analysis is in assessing and forecasting the financial condition of an enterprise based on accounting and reporting data.

Internal financial analysis is carried out by the employees of the enterprise. External financial analysis (audit) is determined by the interests of third-party users and is conducted on published financial statement data.

The adoption of any financial decision involves a preliminary analysis and evaluation of the indicators for which a decision is made.

First, it allows us to identify the degree of balance of material and financial resources; second, to evaluate the appropriateness of channeling own and borrowed capital in the process of economic circulation, aimed at extracting maximum and optimal profits, increasing financial stability, etc., thirdly, to evaluate the correct use of funds to maintain an effective capital structure.

In order to determine the financial consequences of any decisions on the work of the enterprise, and not only to find ways to eliminate or mitigate the impact on the financial condition of negative consequences, and also to determine the benchmarks against which it is possible to assess whether a given level of this or that indicator, and then decide, needs to show in the growth, decrease or preservation of the existing level, conduct an analysis of the financial condition of the enterprise.

As a result of the financial analysis, the enterprise and interested parties are given the opportunity to control the direction of the organization's financial flows, compliance with the norms and standards for spending financial and material resources, and the feasibility of implementing costs.

## **2 Objectives and Methodology**

### **2.1 Objectives**

The purpose of the work is to conduct a financial analysis of Facebook.

Goals:

1. To study the concept, basic methods and types of financial analysis
2. Disclose the essence of financial analysis
3. Give an organizational description to the Facebook Company
4. Conduct financial analysis of Facebook Company
5. Develop recommendations for improving the financial sustainability of Facebook

The first chapter was based on theoretical aspects of financial analysis, its goals, tasks and significance for making managerial decisions, as well as methods and techniques for diagnosing the financial state, the information base and the main approaches to financial analysis.

In the second chapter, after a brief description of the company, its financial analysis of the Company's activities was carried out, as well as measures to improve the financial stability of the Company.

### **2.2 Methodology**

The main methods of financial analysis conducted at the enterprise.

Vertical (structural) analysis is the determination of the structure of the final financial indicators (the amounts for individual items are taken as a percentage of the balance currency) and the identification of the influence of each of them on the overall result of economic activity. The transition to relative indicators makes it possible to conduct inter-firm comparisons of the economic potential and performance of enterprises that differ in terms of the amount of resources used, and also mitigates the negative impact of inflationary processes that distort the absolute indicators of financial reporting.<sup>1</sup>

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<sup>1</sup> Bolshakov S.V. Fundamentals of financial management: Textbook. - Moscow: ID FBK-PRESS, 2016.

Horizontal (dynamic) analysis is based on the study of the dynamics of individual financial indicators over time.<sup>2</sup>

Dynamic analysis is the next stage after the analysis of financial indicators (vertical analysis). At this stage, determine which sections and articles of the balance have changed.

Analysis of financial ratios is based on calculating the ratio of various absolute indicators of financial activity among themselves. The source of information is the company's accounting records.<sup>3</sup>

The most important groups of financial indicators:

1. Liquidity indicators.
2. Indicators of financial stability and solvency.
3. Indicators of profitability.
4. Indicators of business activity.
5. Indicators of market activity<sup>4</sup>

When analyzing financial ratios, the following points should be borne in mind:

- The accounting policy of an enterprise influences the value of financial ratios;
- Diversification of activities makes it difficult to compare the coefficients by industry, since the normative values can vary significantly for different industries;
- The regulatory ratios chosen as the basis for comparison may not be optimal and do not correspond to the short-term tasks of the period under consideration.<sup>5</sup>

Comparative financial analysis is based on comparing the values of certain groups of similar indicators among themselves:

- Indicators of the given enterprise and average branch indicators;
- Financial indicators of the given enterprise and indicators of the enterprises-competitors;
- Financial indicators of certain structural units and divisions of the enterprise;
- Comparative analysis of reporting and plan indicators.<sup>6</sup>

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<sup>2</sup>Directory of the director of the enterprise / Ed. M.G. Lapusty., P.S. Nikolsky. - 5th ed. - Moscow: INFRA-M, 2014.

<sup>3</sup> Bolshakov S.V. Fundamentals of financial management: Textbook. - Moscow: ID FBK-PRESS, 2016.

<sup>4</sup> Blank IA Financial management: Training course. - K.: Nika-Center, 2015.

<sup>5</sup> Blank IA Financial management: Training course. - K.: Nika-Center, 2015.

<sup>6</sup> Babo A. Profit. - Moscow: OJSC Progress IG, Universus, 2015

Integral (factorial) financial analysis allows you to get the most in-depth assessment of the financial condition of the enterprise.

## **3 Theoretical part**

### **3.1 The concept of social network**

A social network is a social structure consisting of a group of nodes that are social objects (people, groups of people, communities, organizations) and the connections between them (social relationships).<sup>7</sup>

In the widely accepted understanding, a social network is a community of people united by common interests, a common cause or having other reasons for direct communication among themselves. In the general philosophical approach, a social network is understood as a set of social objects and a certain set of relations between them. In the opinion of E.D. Patarkin social networks are platforms on the basis of which participants can establish relations with each other.<sup>8</sup>

So, a social Internet network is an interactive multi-user web site, which has a number of binding qualities:<sup>9</sup>

- content (content) of the site is created exclusively or primarily by its users;
- the site is an automated environment in which users have the opportunity to create links with other users
- Users have the opportunity to receive static and dynamic information about objects existing in a given social environment, about social connections between them
- users have access to communication functions with other users and social objects.

### **3.2 Development of the concept of social networks**

The founders of the theory of social networks in 1951 were Ray Solomonoff and Anatol Rapoport. And in a few years, the articles of the Hungarian mathematicians Paul Erdos and Alfred Rena began to appear. Based on these materials, the principles of

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<sup>7</sup> Cademia M.Y Social Web Services 2.0 2010-2011  
[http://ito.vspu.net/SAIT/inst\\_kaf/kafedru/matem\\_fizuka\\_tex\\_osv/WWW/metod\\_seminar/2008/kademiya/kademiya\\_2010-2011.htm](http://ito.vspu.net/SAIT/inst_kaf/kafedru/matem_fizuka_tex_osv/WWW/metod_seminar/2008/kademiya/kademiya_2010-2011.htm)

<sup>8</sup> Patarkin E.D, social services of Web 2.0 to help the teacher - M.: Intuit.ru, 2007

<sup>9</sup> Vinnik VD Social networks as a phenomenon of the organization of society: the essence and approaches to use and monitoring // Philosophy of Science. -2012.



formatting social networks were described. The same term "social network" was introduced in 1954 by James Barnes, a sociologist from the Manchester School.<sup>10</sup>

In the late 1960s, Stephen Strogach and Duncan Watts demonstrated a mathematical theory of the formation of social networks, and introduced the notion of a clustering coefficient, i.e. degree of proximity between heterogeneous groups. Thus, by the 1970s, a final complex of sociological and mathematical research was developed, which became the scientific basis for statistics and analysis of social networks. To date, the term "social network" has several definitions. The first of these is a platform that is necessary for creating, reflecting and organizing social interactions on the Internet. The second term sounds like this: an interactive, with a huge number of users, a website whose content is replenished by the network participants themselves, with the possibility of specifying some information about an individual man / person / product.<sup>11</sup>

The most popular social networks are Facebook, Twitter, YouTube, Instagram, Snapchat, Periscope. These social networks provide an opportunity to become a user to any person. It does not matter where a person lives, what interests him and what his status is. Many specialists in public relations use general social networks.<sup>12</sup>

Next, the author will consider a social network like Facebook.

### **3.3 Mobile app**

The company is trying to focus on the development of the mobile business segment. Taking into account the currency revaluation, the total revenue from advertising sales jumped by 55% and exceeded \$ 3.3 billion. In the structure of revenue, mobile advertising already exceeds 70% of the total volume, and the number of users using mobile devices to enter a social network account exceeds 86%. The total number of active users of the social network grew by 13% and reached 1.44 billion people, among them the number of users accessing their accounts via mobile devices amounted to 1.25 billion people (annual growth exceeded 25%). Thus, the rate on the mobile business segment, made back in 2012 by Mark Zuckerberg, worked. The total number of active daily users of the Facebook network in the

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<sup>10</sup> Bondarev NS Social Media in Modern Political Processes. - Training Manual 2014

<sup>11</sup> The first web dictionary 0.2. Dictionary of social networks. Rating of social networks. <http://sarafannoeradio.org/analitika/201-perviy-slovar-sotsialnih-setey.html>

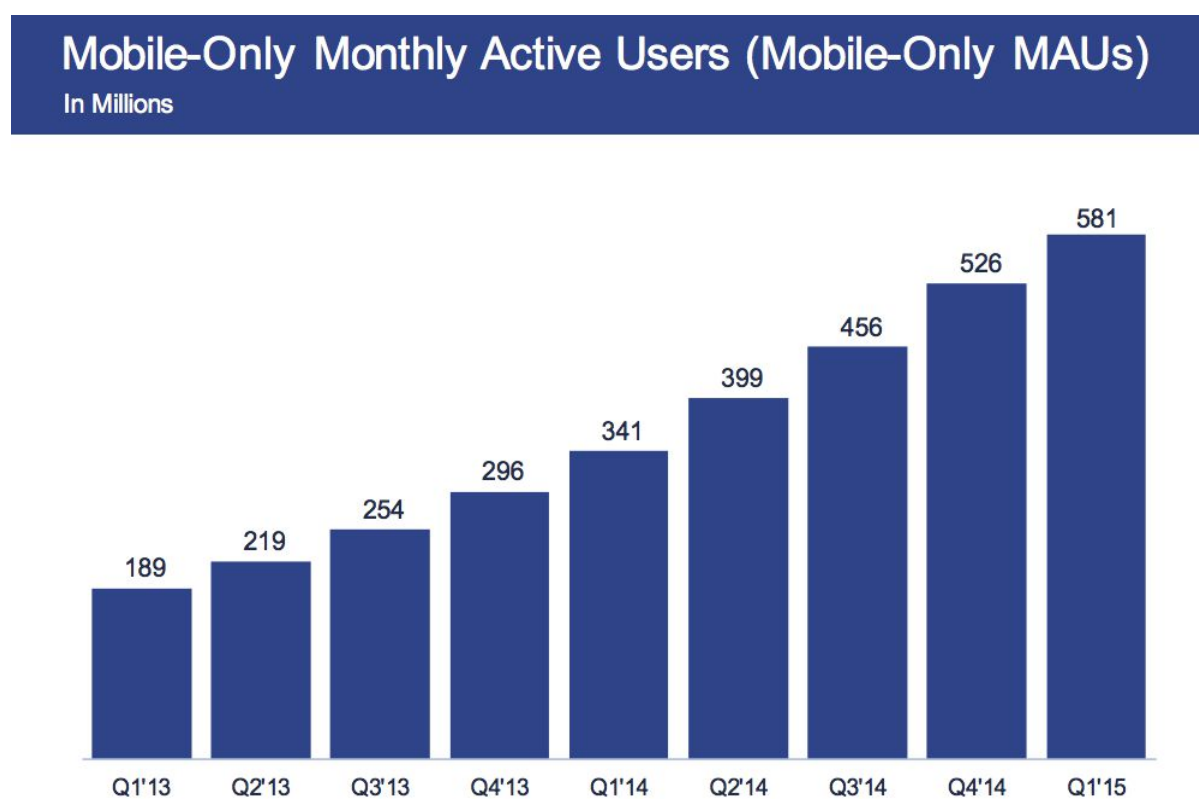
<sup>12</sup> Filina O. Facebook-effect. For business and self-piracy. -M.: Eksmo, 2015

past quarter grew by 17% to 936 million people, of which the number of mobile users was almost 800 million (in annual terms, the growth of the mobile business segment exceeded 30%).

### 3.4 System of Indices for Financial Analysis

Financial situation and financial condition are often considered as correspondingly as a part and as a whole, which include not only the affirmation of values of selected indicators, but also their overall evaluation.

**Figure 1 Mobile-Only Monthly active users**



Source: Narek Avakyan Facebook (FB) published positive reports [online source]

<https://utmagazine.ru/posts/7437-facebook-fb-opublikoval-pozitivnyuyu-otchetnost-2015>

The faster growth in the number of mobile users allowed the management to take advantage of the "mobile revolution" in the consumer electronics market. In just 5 quarters (from January 2013 to April 2015), the growth in the number of active monthly audience of mobile users was over 300%. This gave serious competitive advantages to the company, due to which from its minimum values, the issuer's securities have already soared more than 4

times. A huge number of active users creates conditions for the development of other business segments - in particular, various paid services, partner schemes, etc. Most likely, the trend towards the dominance of mobile users will prevail against the background that various kinds of gadgets (smartphones, tablets and so on.) are actively supplanted from the consumer electronics market by traditional personal computers. According to forecasts of market participants, the PC market in the next 2-3 years can be reduced by 10-15%, while the annual growth of the global market for smartphones and other mobile devices exceeds 10%.<sup>13</sup>

### **3.5 Companies acquired by Facebook**

Facebook owns more than 50 companies. In this paper, we will cover the three largest companies of all. Such as Instagram, WhatsApp, Oculus VR

The reason for most of the acquisitions made by Facebook are young talented employees from the purchased companies, and the products inherited from the purchased companies basically end with a closure. Facebook CEO Mark Zuckerberg said: "We never bought a company for ourselves. We buy companies because of the great people working there ... To be the most attractive, the main thing is to hire the best people. This goal is to acquire companies with excellent founders."<sup>14</sup>

#### **3.5.1 Instagram**

Instagram is for taking pictures, adding filters to make them look retro, and then for sharing them with sites like Twitter, Flickr, Tumblr, and Facebook. And second, it's a simple social network of other people's photos. You can "like" or comment on the photos, and see

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<sup>13</sup> Narek Avakyan Facebook (FB) published positive reports [online source]

<https://utmagazine.ru/posts/7437-facebook-fb-opublikoval-pozitivnuyu-otchetnost> 2015

<sup>14</sup> Why Facebook buys startups [online source] <https://www.youtube.com/watch?v=OIBDyItD0Ak>

what's new. It's easy and doesn't take much time or effort. This is one of the reasons it has become so popular so quickly.<sup>15</sup>

The Instagram App appeared in Apple's App Store on October 6, 2010<sup>16</sup>

The social network Facebook in April 2012 announced the largest in its history acquisition: the company announced the acquisition of the popular Instagram application for \$ 1 billion. The mobile Instagram application allows its users to publish photos and share them via mobile devices. Mark Zuckerberg reported on the acquisition of Instagram on his page on Facebook.<sup>17</sup>

### **3.5.2 WhatsApp**

WhatsApp is a free to download messenger app for smartphones. WhatsApp uses the internet to send messages, images, audio or video. The service is very similar to text messaging services, however, because WhatsApp uses the internet to send messages, the cost of using WhatsApp is significantly less than texting. You can also use Whatsapp on your desktop, simply go to the Whatsapp website and download it to Mac or Windows. It is popular with teenagers because of features like group chatting, voice messages and location sharing.<sup>18</sup>

On October 6, 2014, Facebook, Inc. completed its previously announced acquisition of WhatsApp Inc., a Delaware corporation ("WhatsApp"), pursuant to the terms of an Agreement and Plan of Merger and Reorganization dated as of February 19, 2014.<sup>19</sup>

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<sup>15</sup> Dan Frommer What Is Instagram? - Business Insider [online source] <http://www.businessinsider.com/instagram-2010-11> 2010

<sup>16</sup> Welcome to Instagram [online source] <http://blog.instagram.com/post/8755272623/welcome-to-instagram> 2010

<sup>17</sup> Facebook gave a billion dollars for the purchase Instagram [online source] <https://dev.by/news/facebook-otdala-milliard-dollarov-za-pokupku-instagram> 2012

<sup>18</sup> Explainer: What is WhatsApp? [online source] <https://www.webwise.ie/parents/explainer-whatsapp/>

<sup>19</sup> UNITED STATES SECURITIES AND EXCHANGE COMMISSION [online source] [https://www.sec.gov/Archives/edgar/data/1326801/000132680114000037/fb\\_8-kxclosingxofxwhatsapp.htm](https://www.sec.gov/Archives/edgar/data/1326801/000132680114000037/fb_8-kxclosingxofxwhatsapp.htm)

Co-founder and head of Facebook Mark Zuckerberg commented on the transaction on his page in the social network. According to him, the entire team of messenger developers will switch to Facebook, and the CEO will become a member of the social network board of directors. He noted that now WhatsApp - a simple, fast and reliable mobile messenger, which on all major mobile platforms are used by 450 million people. In this case, according to the general manager of WhatsApp Jan Kouma, the number of daily users of games is 320 million.<sup>20</sup>

Also, the reason for buying the application was the versatility of the mobile messenger.

Applications for communication through WhatsApp exist for all relevant, as well as many descending from the stage or niche mobile platforms. The company released clients for iOS, Android, Windows Phone, BlackBerry, Nokia S40 / Asha and Symbian. Now the company has released versions for MacOS and Windows.

### **3.5.3 Oculus VR**

Their main product is the virtual reality set (VR), Oculus Rift, whose first commercial release was released in March 2016.

On August 1, 2012, a crowdfunding campaign was launched at Kickstarter, the purpose of which was to finance the further development of the product. Within 4 hours after the beginning, the initially required amount of \$ 250,000 was collected, for 36 hours - more than \$ 1 million. Just a month, it was collected a little less than 2.5 million from 9.5 thousand people<sup>2122</sup>

Oculus is the leader in immersive virtual reality technology and has already built strong interest among developers, having received more than 75,000 orders for development kits for the company's virtual reality headset, the Oculus Rift. While the applications for virtual reality technology beyond gaming are in their nascent stages, several industries are

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<sup>20</sup> Facebook bought WhatsApp for \$ 19 billion [online source] <http://www.interfax.ru/world/359762> 2014

<sup>21</sup> Oculus Rift virtual reality headset gets Kickstarter cash [online source] <http://www.bbc.com/news/technology-19085967>

<sup>22</sup> Oculus Rift Virtual Reality Headset Developer Kits Now Available To Pre-Order [online source] <https://www.geeky-gadgets.com/oculus-rift-virtual-reality-headset-developer-kits-now-available-to-pre-order-video-27-09-2012/>

already experimenting with the technology, and Facebook plans to extend Oculus' existing advantage in gaming to new verticals, including communications, media and entertainment, education and other areas. Given these broad potential applications, virtual reality technology is a strong candidate to emerge as the next social and communications platform.<sup>23</sup>

In March 2014, Facebook CEO Mark Zuckerberg agreed to acquire Oculus VR for US\$2.3 billion in cash and stock<sup>24</sup>

### **3.6 Disclosure of the essence of financial analysis**

#### **3.6.1 Evaluation of the dynamics and structure of balance sheet items.**

The financial condition of the enterprise is characterized by the placement and use of funds and sources of their formation. For a general assessment of the financial situation, it is necessary to group the balance sheet items into separate specific groups based on the liquidity and maturity of the liabilities (aggregate balance sheet). Based on the aggregate balance, the structure of the enterprise's assets is analyzed. Directly from the analytical balance, you can get many important characteristics of the financial condition of the enterprise. Dynamic analysis of these indicators allows to establish their absolute increments and growth rates, which is important for characterizing the financial condition of the enterprise.<sup>25</sup>

#### **3.6.2 Analysis of liquidity and solvency of the balance sheet**

The financial position of the enterprise can be assessed from the point of view of short-term and long-term prospects. In the first case, the criteria for assessing the financial position are the liquidity and solvency of the enterprise, i.e. ability to make timely and in full volume settlements on short-term obligations. The task of analyzing the liquidity of a balance arises in connection with the need to assess the creditworthiness of the organization, i.e. its ability to timely and fully pay for all of its obligations.

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<sup>23</sup> Facebook to acquire Oculus [online source] <https://newsroom.fb.com/news/2014/03/facebook-to-acquire-oculus/> 2014

<sup>24</sup> Facebook Buys Oculus Rift For \$2 Billion [online source] <https://kotaku.com/facebook-buys-oculus-rift-for-2-billion-1551487939> 2014

<sup>25</sup> Kolass B. Financial management of the enterprise. Problems, concepts and methods: Textbook / Trans. with frants. under. Ed. prof. I'M IN. Sokolova, - Moscow: Finance, UNITI, 2016.

The liquidity of the balance is defined as the degree of coverage of the organization's liabilities with its assets, the maturity of which corresponds to the maturity of liabilities. From the liquidity of the balance, it is necessary to distinguish the liquidity of assets, which is defined as the time value necessary to turn them into cash. The less time that will be required for this type of assets to turn into money, the higher their liquidity.<sup>26</sup>

Solvency means the company has cash and cash equivalents sufficient to settle accounts payable, requiring immediate repayment. Thus, the main features of solvency are:

- a) the availability of sufficient funds in the current account;
- b) absence of overdue accounts payable.<sup>27</sup>

It is obvious that liquidity and solvency are not identical to each other. Thus, liquidity ratios may characterize the financial situation as satisfactory, but in essence this estimate may be erroneous if in current assets a significant proportion is due to illiquid and overdue accounts receivable.<sup>28</sup>

Depending on the degree of liquidity, i.e. the rate of conversion into cash, the Company's assets can be divided into the following groups:

A1. The most liquid assets - these include all items of the company's cash and short-term financial investments. This group is calculated as follows;

A2. Quickly sold assets are accounts receivable, payments are expected within 12 months after the reporting date;

A3. Slowly sold assets - the articles of Section II of the balance sheet asset, which include stocks, value added tax, receivables (payments are expected more than 12 months after the balance sheet date) and other current assets;

A4. Difficult to sell assets - the articles of Section I of the balance sheet asset - non-current assets;<sup>29</sup>

The liabilities of the balance are grouped according to the urgency of their payment.

L1. The most urgent obligations - they include accounts payable;

L2. Short-term liabilities are short-term borrowed funds, and other short-term liabilities;

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<sup>26</sup> Markar'yan EA, Gerasimenko G.P. The financial analysis. - Rostov-on-Don, 2014.

<sup>27</sup> Financial management of the firm / Ed. IN AND. Terekhin. - Moscow: Economics, 2015.

<sup>28</sup> Bogdanovskaya LA, Vinogradov GG, Migun OF, etc. / Under the general editorship of VI. Strazheva - Analysis of economic activity in industry. "- M.: Higher School, 2016.

<sup>29</sup> Kreynina M.N. Financial condition of the enterprise. Methods of evaluation. - M.: ICC "DIS", 2015.

L3. Long-term liabilities are balance items relating to V and VI sections, i.e. long-term loans and borrowed funds, as well as debt to participants in the payment of income, deferred income and reserves of future expenses;

L4. Constant liabilities or stable are the articles of the IV section of the balance sheet "Capital and Reserves". If the organization has a loss, then they are deducted;

To determine the liquidity of the balance, it is necessary to compare the results of the given groups by asset and liability.<sup>30</sup>

The balance is considered to be absolutely liquid if the following relationships hold:

$$A1 > L1; A2 > L2; A3 > L3; A4^{31}$$

If the first three inequalities in the given system are satisfied, then this leads to the fulfillment of the fourth inequality, so it is important to compare the results of the first three groups by asset and liability.<sup>32</sup>

In the case when one or several inequalities of the system have the opposite sign from the one fixed in the optimal variant, the liquidity of the balance differs more or less from the absolute one. At the same time, the lack of funds for one group of assets is compensated by their surplus for another group in the valuation, in the real situation less liquid assets cannot replace more liquid assets. Further comparison of liquid assets and liabilities allows us to calculate the following indicators:<sup>33</sup>

CL, which indicates the solvency (+) or insolvency (-) of the organization at the time interval closest to the considered moment:

$$CL = (A1 + A2) - (L1 + L2)^{34}$$

PL is a solvency forecast based on a comparison of future receipts and payments:

$$PL = A3 - L3$$

The analysis of the financial statements and the liquidity of the balance sheet, carried out according to the scheme outlined above, is approximate. More detailed is the analysis of financial indicators and coefficients.<sup>35</sup>

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<sup>30</sup> Kreynina M.N. Financial condition of the enterprise. Methods of evaluation. - M.: ICC "DIS", 2015.

<sup>31</sup> Bakanov MI, Sheremet AD Theory of Economic Analysis. - Moscow: Finances and Statistics, 2016.

<sup>32</sup> Savitskaya G.V. Analysis of the economic activity of the enterprise: Uch.pos.- Mn .: New knowledge, 2015.

<sup>33</sup> Bakanov MI, Sheremet AD Theory of Economic Analysis. - Moscow: Finances and Statistics, 2016.

<sup>34</sup> Kovalev V.V. The financial analysis. - Moscow: Finance and Statistics, 2015.

<sup>35</sup> Kovalev V.V. The financial analysis. - Moscow: Finance and Statistics, 2015.



### 3.6.3 Analysis of financial independence and capital structure

The assessment of the financial condition of the enterprise will be incomplete without an analysis of financial stability. Financial independence is a certain state of the company's accounts that guarantee its permanent solvency.<sup>36</sup>

Analysis of financial independence on a particular date allows answering the question: how correctly the organization managed financial resources during the period preceding that date. The essence of financial independence is determined by the effective formation, distribution and use of financial resources. An important indicator that characterizes the financial condition of an enterprise and its independence is the availability of material working capital by its own sources, i.e. financial independence - the availability of stocks of sources of their formation, and solvency - its external manifestation. Important is not only the ability of the enterprise to repay borrowed funds, but also its financial stability, i.e. financial independence of the enterprise, the ability to maneuver by its own means, sufficient financial security of an uninterrupted business process.<sup>37</sup>

The tasks of analyzing the financial stability of an enterprise are to assess the size and structure of assets and liabilities - this is necessary in order to find out:

a) whether the enterprise is financially independent;

b) the level of this independence grows or decreases and whether the state of assets and liabilities meets the objectives of the financial and economic activities of the enterprise.<sup>38</sup>

Financial independence is characterized by a system of absolute and relative indicators. Absolute ones are used to characterize the financial situation arising within a single enterprise. Relative - to describe the financial situation in the economy, they are called financial ratios.<sup>39</sup>

The most general indicator of financial independence is the surplus or lack of a source of funds for the formation of stocks. The meaning of the analysis of financial independence

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<sup>36</sup> Kovaleva AM, Lapusta MG, Skamay L. Finance company. - Moscow: INFRA-M, 2015.

<sup>37</sup> Kovaleva AM, Lapusta MG, Skamay L. Finance company. - Moscow: INFRA-M, 2015.

<sup>38</sup> Financial management: theory and practice: Textbook / Ed. E.S. Stoyanova. - Moscow: Publishing House "Perspective", 2014.

<sup>39</sup> Financial management: theory and practice: Textbook / Ed. E.S. Stoyanova. - Moscow: Publishing House "Perspective", 2014.

with the help of the absolute indicator is to check what sources of funds and in what amount are used to cover the reserves.<sup>40</sup>

The main objective of the analysis of financial activities of enterprises is to obtain an objective assessment of their solvency, financial stability, business activity and performance. It is necessary to conduct an analysis of financial activities in the following areas:

- 1) Analysis of financial results and the structure of the balance of the enterprise
- 2) Analysis of liquidity of the balance of the enterprise, including:
  - 2.1) Analysis of assets grouped by the degree of liquidity and liabilities grouped by maturity.
  - 2.2) Liquidity analysis using coefficients.
- 3) Analysis of solvency and financial sustainability.
  - 3.1) Analysis of solvency;
  - 3.2) Financial stability analysis;
  - 3.3) Analysis of the sources of formation of stocks and costs.
- 4) Analysis of performance (analysis of profitability).
- 5) Analysis of business activity.
- 6) Analysis of receivables and payables.
- 7) Analysis of specific performance indicators, including:
  - 7.1) Revenue analysis;
  - 7.2) Analysis of specific inventories and fixed assets.<sup>41</sup>

Analysis of financial activities is an element of the analysis of financial and economic activities, which in turn refers to the analysis of financial and economic activities.

The economic potential of the organization can be characterized in two ways: from the position of the property position of the enterprise and from the position of its financial position. Both these aspects of financial and economic activity are interrelated - irrational structure of property, its substandard composition can lead to deterioration of financial situation and vice versa.<sup>42</sup>

The stability of the financial position of an enterprise largely depends on the appropriateness and correctness of investing financial resources in assets. In the process of

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<sup>40</sup> Lechevitsyna LN, Chuev IN Analysis of financial and economic activity: Textbook.2015.

<sup>41</sup> Stas V.N. Financial analysis of the enterprise. Textbook, Baranul: ASU Publishing House, 2016.

<sup>42</sup> Savitskaya G.V. Analysis of the economic activity of the enterprise: Uch.pos. - Mn. : New knowledge, 2015.

functioning of the enterprise, the size of assets and their structure undergo constant changes. The most general idea of the qualitative changes that have taken place in the structure of funds and their sources, as well as the dynamics of these changes can be obtained through vertical and horizontal analysis of reporting.<sup>43</sup>

Criteria for qualitative changes in the property position of the enterprise and the degree of their progressiveness are such indicators as:

- the amount of the enterprise's economic assets;
- Share of active part of fixed assets;
- coefficient of wear;
- the proportion of quick assets;
- Share of leased property, plant and equipment;
- specific weight of receivables, etc.<sup>44</sup>

Analysis of financial activities (analysis of financial condition, analysis of financial and economic activities) is an integral part of financial management, the main functions of which are as follows:

- Attracting the required resources and implementing financing schemes that ensure the minimum value of the advanced capital;
- Asset management of the enterprise, providing it with the maximum profit at an acceptable level of risk;
- Ensuring current and long-term solvency;
- Developing strong relationships with shareholders, counterparties, banks and other financial institutions;
- Making decisions on investment and management of investment projects that contribute to the welfare of owners.

In view of the foregoing, it is necessary to conclude that the analysis of financial activities (analysis of financial condition, analysis of financial and economic activities) is one of the most important blocks of management of the company, directly affecting the success of the business.<sup>45</sup>

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<sup>43</sup> Bogdanovskaya LA, Vinogradov GG, Migun OF, etc. / Under the general editorship of VI. Strazheva - Analysis of economic activity in industry. " - M.: Higher School, 2016.

<sup>44</sup> Sheremet AD, Sayfulin RS Finance of enterprises. - Moscow: INFRA-M, 2016.

<sup>45</sup> N.N. Trenev. Finance management: A manual. - Moscow: Finance and Statistics, 2015.

## 4 Practical Part

### 4.1 Company profile

Facebook is the largest social network in the world. It was founded on February 4, 2004 by Mark Zuckerberg and his roommates during his studies at Harvard University - Eduardo Saverin, Dustin Moskovitz and Chris Hughes.<sup>46</sup>

Originally, the website was named Thefacebook and was only available to students at Harvard University, then the registration was opened for other universities in Boston, and then for students of any US educational institutions that have an email address in the .edu domain. Since September 2006, the site is available to all Internet users aged 16 years with an email address.<sup>47</sup>

Facebook is one of the five most visited websites in the world. As of July 2016, Facebook's audience was 1.71 billion users - those who visited the site at least once a month or for a specified period of time were recorded using the Like button and watching cookies. The daily active audience in March was 720 million people - so much is recorded by the monitoring network Facebook daily. August 24, 2015 the number of visitors to the social network Facebook for the first time amounted to one billion people. 1.03 billion people a month use the mobile application Facebook. Every day on the social network, users leave 6 billion "likes" and comments and publish 300 million photos. The site recorded 200 billion "friendships". The number of page views of the site in October 2011 amounted to 1 trillion, the number of video views on the site reached in 2015 a mark of 8 billion per day.

Thanks to this site Mark Zuckerberg at 23 years became the youngest billionaire of the planet.

Facebook allows you to create a profile with a photo and information about yourself, invite friends, exchange messages with them, change your status, leave messages on your own and others' walls, upload photos and videos, create groups (interest communities).<sup>48</sup> In 2007, Facebook invited third-party programmers to create applications (games, means of sharing music, photos, etc.) and earn on it. Thanks to this opportunity the attendance of the site has increased.

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<sup>46</sup> The reference book of the financier of the enterprise. - Moscow: INFRA-M, 2015.

<sup>47</sup> Bondarev NS Social Media in Modern Political Processes. - Training Manual 2014

<sup>48</sup> Bondarev NS Social Media in Modern Political Processes. - Training Manual 2014

Facebook offers many functions through which users can interact with each other. Among the most popular are virtual winks, photo albums and a "wall" on which friends of the user can leave messages.

The user can control the level of access to information published in his profile, and determine who has access to any part of the page.

Also on the site there is an opportunity to complain about unpleasant users or block them.

In April 2016 Mark Zuckerberg said that Facebook is launching Facebook Live - a new function of live video. Thanks to it, users can create videos, messages and send them to each other in real time.

The idea of Facebook dates back to the early youth of Mark Zuckerberg when he studied at the private school Phillips Exeter Academy in New Hampshire. The school annually published a directory with the names, addresses and photos of students (literally "the book of persons", "facebook" - Facebook), and when Zuckerberg entered Harvard University, he initiated the creation of a similar network resource, but the administration denied him, referring to the privacy policy.

Then on October 28, 2003 Mark Zuckerberg, as a sophomore, wrote the code for the Facemash website, which used photos of people in pairs to determine which one was the most attractive.

To achieve this, Zuckerberg cracked the protected sections of the Harvard University computer network and copied the private photos. Harvard at that time did not have a student "album" (a catalog with photos and basic information). Facemash attracted 450 visitors and 22,000 photo-views during the first two hours of operation.<sup>49</sup>

The site quickly expanded, but was closed after a few days by the Harvard administration. Zuckerberg was accused by the administration of violating security, copyrights, inviolability of private life; punishment was to be an exception. In the end, however, the charges were dropped. Zuckerberg focused on the original project. He opened a website for his classmates, where people began to share their remarks about the project.

In the next semester, in January 2004, Zuckerberg began writing code for the new website. He was inspired, according to him, by an editorial in Harvard Crimson about the

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<sup>49</sup> Holt R.N. Fundamentals of financial management. - M.: Case, 2016.

Facemash incident. On February 4, 2004, Zuckerberg launched Thefacebook at thefacebook.com.

Six days after the launch of the site, three Harvard undergraduates - Cameron Winklevoss, Tyler Winklevoss and Divya Narendra - accused Zuckerberg of intentionally misleading them, as if they would help create a social network for HarvardConnection.com, but instead using Mark's ideas, built a competing product. They complained to the university newspaper Harvard Crimson, and she began an investigation. Subsequently, a lawsuit was filed against Zuckerberg.

Membership in the social network was initially limited to students at Harvard University, and during the first month more than half of Harvard students were enrolled in it. Soon Eduardo Saverin (CFO), Dustin Moskovitz (programmer), Andrew McCollum (artist) and Chris Hughes joined Zuckerberg to help promote the site. In March 2004, the Facebook audience was expanded to Stanford, Columbia University and Yale.<sup>50</sup>

Later it opened in other universities of the Ivy League, Boston University, New York University, Massachusetts Institute of Technology, Tufts University, and then most universities in Canada and the United States.

In June 2004, Facebook moved to Palo Alto (California). Before moving, Zuckerberg and Saverin get acquainted with Sean Parker in a Chinese restaurant in Manhattan. A few weeks later they are already facing Palo Alto. In mid-2004, Facebook is registered as a company, and Parker becomes its first president.<sup>51</sup>

In the same month, the company received its first investment from the founder of PayPal Peter Thiel. It was Sean who found the first investors for Facebook: Peter Till and Reed Hoffman, and in the process of obtaining investments he managed to have 3 out of 5 seats on the board of directors. According to Thiel, Sean was the first to see the potential in the company and "if Mark had doubts for a second, Sean immediately cut them off." In 2005 Parker leaves the company. Despite this, he remains involved in the development of Facebook and regularly meets with Zuckerberg.

In 2005, the company removed the article from its title after purchasing the domain name facebook.com in 2005 for \$ 200,000.

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<sup>50</sup> Filina O. Facebook-effect. For business and self-piracy. -M .: Eksmo, 2015

<sup>51</sup> Holt R.N. Fundamentals of financial management. - M .: Case, 2016.

Since September 26, 2006, access to the social network has been opened for every Internet user over 13 years old with an email address.

October 24, 2007, Microsoft announced the acquisition of a 1.6% stake in Facebook for \$ 240 million, thereby estimating the entire company at \$ 15 billion. Microsoft received the rights to post international ads on Facebook. In October 2008, Facebook announced the opening of its international headquarters in Dublin. In September 2009, for the first time, profit was announced. In November 2010, based on data from SecondMarket Inc, the company's value was \$ 41 billion (which is slightly higher than that of eBay). Thus, Facebook has become the third largest Internet company in the US (after Google and Amazon). On January 2, 2011, according to The New York Times, the value of Facebook has reached 50 billion US dollars. May 18, 2012 held an IPO

Traffic Facebook has been growing steadily since 2009. March 13, 2010, Facebook was visited by more people than Google. Facebook also became the best social network in eight separate markets in the Philippines, Australia, Indonesia, Malaysia, Singapore, New Zealand, Hong Kong and Vietnam, while other brands held leading positions only in selected markets, including Google Orkut in India, Mixi.jp in Japan, CyWorld in South Korea, and Yahoo! product Wretch.cc in Taiwan.

On Monday, August 24, 2015, the social network Facebook for the first time crossed the threshold with a mark of a billion users. Noting about this event, the founder of the social network, Mark Zuckerberg, said the following words: "This means that every seventh inhabitant of the earth used Facebook to communicate with friends and family. This is only the beginning for the unification of the whole world," wrote Zuckerberg.

According to the report released in June 2015, the average daily audience of the social network is 968 million users. Of these, 844 million users use mobile devices to access social networks.

December 21 Facebook launched in the test mode support for photos with video elements created with the iPhone 6s and iPhone 6s Plus.

## **4.2 Vertical and horizontal analysis of the balance sheet**

**Table 1 Vertical and horizontal analysis of the balance sheet.**

Indicators	31.12.2015		31.12.2016		Changes		
	Thousand USD	%	Thousand USD	%	Thousand USD	%	Growth rate
<b>Assets</b>							
<b>1. Fixed assets</b>	25 722	20%	18 700	13%	-7 022	7%	73%
Intangible Assets	208	0%	146	0%	-62	0%	70%
Fixed assets	11 354	9%	13 516	9%	2 162	0%	119%
Construction in progress	0	0%	0	0%	0	0%	0%
Profitable investments in tangible assets	9 212	7%	392	0%	-8 820	7%	4%
Financial investments	4 685	4%	4 595	3%	-90	0%	98%
Deferred tax assets	263	0%	51	0%	-212	0%	19%
Other noncurrent assets	0	0%	0	0%	0	0%	0%
<b>2. Current assets</b>	101 511	80%	125 150	87%	23 639	7%	123%
Inventory	9 116	7%	15 376	11%	6 260	4%	169%
Value added tax on purchased valuables	6	0%	6	0%	0	0%	100%
Receivables	5 376	4%	17 292	12%	11 916	8%	322%
Financial investments (excluding cash equivalents)	50 000	39%	52 000	36%	2 000	3%	104%
Cash and cash equivalents	29 802	23%	33 549	23%	3 747	0%	113%
Other current assets	7 211	6%	6 926	5%	-285	1%	96%
<b>Balance</b>	<b>127 235</b>	<b>100%</b>	<b>143 850</b>	<b>100%</b>	<b>16 615</b>	<b>0%</b>	<b>113%</b>
<b>Liabilities</b>							
<b>3. Capital and reserves</b>	87 569	69%	98 638	69%	11 069	0%	113%
Authorized capital	65 700	52%	65 700	46%	0	6%	100%
Extra capital	0	0%	0	0%	0	0%	0%
Reserve capital	435	0%	810	1%	375	0%	186%
Undistributed profit (uncovered loss)	21 434	17%	32 128	22%	10 694	5%	150%



<b>4. long term duties</b>	172	0%	307	0%	135	0%	178%
Loans and credits	0	0%	0	0%	0	0%	0%
Other long-term liabilities	0	0%	0	0%	0	0%	0%
Deferred tax liabilities	172	0%	307	0%	135	0%	178%
<b>5. Short-term liabilities</b>	39 494	31%	44 905	31%	5 411	0%	114%
Loans and credits	0	0%	0	0%	0	0%	0%
Accounts payable	38 189	30%	44 663	31%	6 474	1%	117%
Debt to participants (founders) in payment of income	0	0%	0	0%	0	0%	0%
revenue of the future periods	0	0%	0	0%	0	0%	0%
Reserves for future expenses	0	0%	0	0%	0	0%	0%
Estimated liabilities	1 305	1%	242	0%	-1 063	-	19%
Other current liabilities	0	0%	0	0%	0	0%	0%
<b>Balance</b>	<b>127 235</b>	<b>100%</b>	<b>143 850</b>	<b>100%</b>	<b>16 615</b>	<b>0%</b>	<b>113%</b>

Source: Own data based on Facebook Inc.

Conclusion. During the period under review, the assets of the company increased by 16,615 Thousand USD. and amounted to 143,850 Thousand USD. It is worth noting that receivables have grown. Growth in the company's assets is associated with an increase in inventories, fixed assets and an increase in accounts receivable.

Liabilities also show an increase (by 16,615 Thousand USD.). The increase in liabilities is due to the growth of retained earnings and accounts payable. Excess of accounts receivable over payables is a positive factor. It is also worth noting such a positive moment as the reduction of the article of the estimated liabilities.

**Table 2 Dynamics of net profit indicators**

№	Index	January-December 2015	January-December 2016	Changes	
		Thousand USD	Thousand USD	Thousand USD	%
Assets and Liabilities					
1	Revenue from the sale of goods, works, services (net of value of added taxes, excises, and similar compulsory payments)	49 430	31 658	-17 772	64%
2	Cost of goods sold, products, works, services	84	1 731	1 647	2061%
3	<b>Gross profit</b>	49 346	29 927	-19 419	61%
4	Commercial expenses	0	0	0	0%
5	Managerial expenses	44 482	19 807	-24 675	0%
6	<b>Profit(loss) from sale</b>	4 864	10 120	5 256	208%
Other Assets and Liabilities					
7	Interest income	0	0	0	0%
8	Interest payable	0	0	0	0%
9	Income from participation in other companies	0	0	0	0%
10	Other income	3 049	4 360	1 311	143%
11	Other payable	720	643	-77	89%
12	<b>Profit(loss) before taxation</b>	7 193	13 837	6 644	192%
13	Deferred tax liabilities	141	213	72	151%
14	Deferred tax assets	327	135	-192	41%
15	Current income taxes	1 625	2 420	795	0%
16	Other	0	1	1	0%
17	<b>Net profit</b>	5 754	11 069	5 315	192%

Source: Own data based on Facebook Inc.

The revenue indicator for January-December 2016 shows a decrease relative to the same period of 2015 (by 17,772 Thousand USD). This is due to the large volume of implementation of the student's card in the 1st quarter of 2015. The cost of services for January-September of 2016 in comparison with the same period last year increased. Other income is growing, other expenses are decreasing. Net profit in the third quarter of 2016 amounted to 11,069 Thousand USD, which is higher than the same period of 5,315 Thousand USD.

**Table 3 Analysis of the company's assets**

№	Placing Assets	31.12.2015		31.12.2016		Changes	
		Thousand USD	%	Thousand USD	%	Thousand USD	% Growth
1	<i>Non-current assets, total</i>	<i>25 722</i>	<i>20%</i>	<i>18 700</i>	<i>13%</i>	<i>-7 022</i>	<i>73%</i>
2	Inventory	9 116	7%	15 376	11%	6 260	169%
3	Settlements and accounts receivable	12 593	10%	24 224	17%	11 631	192%
4	Cash and short-term financial investments	79 802	63%	85 549	59%	5 747	107%
5	<i>Current assets, total</i>	<i>101 511</i>	<i>80%</i>	<i>125 150</i>	<i>87%</i>	<i>23 639</i>	<i>123%</i>
6	<b>Total property</b>	<b>127 235</b>	<b>100%</b>	<b>143 850</b>	<b>100%</b>	<b>16 615</b>	<b>113%</b>

Source: Own data based on Facebook Inc.

At the end of the period under review, the company's current assets increase, as well as a decrease in non-current assets. At the beginning and at the end of the analyzed period, the largest share in the structure of current assets - cash and short-term financial investments.

**Table 4 Analysis's of the company's financing sources**

№	Placing Assets	31.12.2015		31.12.2016		Changes	
		Thousand USD	%	Thousand USD	%	Thousand USD	% Growth
1	Sources of own and equated funds	87 741	69%	98 945	69%	11 204	113%
2	Borrowed funds (3)	39 494	31%	44 905	31%	5 411	114%
3	<b>Total sources</b>	<b>127 235</b>	<b>100%</b>	<b>143 850</b>	<b>100%</b>	<b>16 615</b>	<b>113%</b>

Source: Own data based on Facebook Inc.

In the structure of the sources of financing of the society, the sources of own and equated funds at the end of the analyzed period occupy more than 50%. In the structure of sources of financing of the society borrowed funds at the beginning of the period are 31%, at the end of the analyzed period, 31% are borrowed. At the end of the analyzed period, own funds exceed borrowed funds.

### 4.3 Analysis of liquidity

**Table 5 Analysis of liquidity**

	Absolute value		Change
	At the beginning	At the end	Thousand USD
Assets	Thousand USD		
A1	79,802	85,549	5,747
A2	12,587	24,218	11,631
A3	9,122	15,382	6,260
A4	25,722	18,700	-7,022

	Absolute value		Change
	At the beginning	At the end	Thousand USD
Liabilities	Thousand USD		
P1	39,494	44,905	5,411
P2	0	0	0
P3	172	307	135
P4	87,569	98,638	11,069

Source: Own data based on Facebook Inc.

The fulfillment of the inequality  $A1 > L1$  indicates the solvency of the organization at the time of the balance sheet. The organization has enough to cover the most urgent obligations of absolutely and most liquid assets. Fulfillment of inequality  $A2 > L2$  - quickly realized assets exceed short-term liabilities and the organization can be solvent soon, taking into account timely settlements with creditors, receiving funds from selling products on credit. Fulfillment of inequality  $A3 > L3$  - in the future with the timely receipt of cash from sales and payments, the organization can be solvent for a period equal to the average duration of one turnover of working capital after the balance sheet date. The fulfillment of the first three conditions leads to the fulfillment of the condition:  $A4 \leq L4$ . Compliance with this condition indicates compliance with the minimum conditions for the financial stability of the organization, the availability of its own working capital.

However, it should be noted that the analysis of the liquidity of the balance sheet, carried out according to the scheme outlined, is approximate, and more detailed is the solvency analysis with the help of financial ratios.<sup>52</sup>

**Table 6 Evaluation of liquidity**

Index	Optimum value	Indicator value	
		31.12.2015	31.12.2016
Coefficient of current liquidity	$\geq 2$	2,66	2,80
Coefficient of quick liquidity	$\geq 1$	2,42	2,46
Absolute liquidity ratio	$\geq 0,2$	2,09	1,92

Source: Own data based on Facebook Inc.

The current liquidity ratio helps to assess the possibility of the company paying off short-term obligations, in case of its critical situation, when it will not be possible to sell stocks. Normal value is the coefficient from 1.5 to 2.5, depending on the industry. The value below 1 indicates a high financial risk associated with the fact that the company is unable to sustain pay current bills. A value of more than 3 may indicate a non-rational structure of capital. At the beginning of the reporting period To. is 2.66, which corresponds to the normative value, for January- September 2016 to increases to 2.80.

The quick ratio is a financial ratio equal to the ratio of highly liquid current assets to short-term liabilities (current liabilities). The standard of the indicator is in the range of 0.7-1.5. The coefficient reflects the ability of the company to repay its current liabilities in the event of difficulties with the sale of products (services). At the beginning and end of the reporting period, the indicator exceeds the normative value, for January-December 2015 is 2.42, for January-September 2016 - 2.46.

Absolute liquidity ratio is the most stringent criterion of solvency and shows what part of the short-term debt the company can pay off in the near future. The value of it must be at least 0.2. Throughout the study period, the absolute liquidity ratios correspond to their regulatory values, which indicates the company's ability to repay its short-term debt in the near future.

Having analyzed the liquidity ratios of the company from 31.12.2015. to 30.09.2016. we can conclude that the indicators are above the optimal values. The value of the current liquidity indicator shows that the company has sufficient funds that can be used to repay its

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<sup>52</sup> Goel.S (2015) Financial ratios. 1st ed. Business expert press

short-term obligations within a year. The value of the fast liquidity indicator indicates the ability of the organization to repay its short-term obligations through the sale of liquid assets. The value of the absolute liquidity ratio corresponds to its normative value, which indicates the company's ability to meet its short-term obligations. On the other hand, a high ratio of fast and absolute liquidity ratios may indicate an unsustainable capital structure, a too high share of non-performing assets in the form of cash and funds on accounts.

**Table 7 Analysis of profitability indicators for 2015-2016**

№	Index	Index value		Changes Thousand USD
		31.12.2015, Thousand USD	31.12.2016, Thousand USD	
<b>Profitability indicators</b>				
1	Profitability of core business	0,2228	0,4699	0,2471
2	Profitability of sales	0,1822	0,3197	0,1375
<b>Indicators of profitability of assets</b>				
3	Profitability of non-current capital	0,2224	0,5919	0,3695
4	Return on working capital	0,0564	0,0884	0,0321
5	Profitability of total assets	0,0450	0,0769	0,0320
6	Profitability of equity capital	0,0653	0,1122	0,0469
7	Return on invested capital	0,0652	0,1119	0,0467

Source: Own data based on Facebook Inc.

The profitability comprehensively reflects the degree of efficiency of the use of material, labor and monetary resources. The indicators of profitability of activity for January-September of 2016 as compared with the values for the same period of 2015 slightly increase. An increase in these indicators indicates an increase in the efficiency of the economic activity of the enterprise. The indicators of profitability of assets for January-September of 2016 as compared to the indicators for the same period of 2015 also slightly increase, which indicates the rational structure of the company's capital.

**Table 8 The dynamics of financial soundness indicators for 2015-2016**

Index	Optimal value	Index value		Changes
		31.12.2015	31.12.2016	
<b>I Baseline data for analysis</b>				
Fixed assets	-	25 722	18 700	-7 022
Current assets	-	101 511	125 150	23 639
Balance currency	-	127 235	143 850	16 615
Equity	-	87 569	98 638	11 069
Long-term liabilities	-	172	307	135
Borrowed capital	-	39 666	45 212	5 546
<b>II Indicator of financial stability of the company</b>				
Own working capital	$\geq 10$ Of the value of the current asset	61 847	79 938	18 091
Coefficient of autonomy	$\geq 0,5$	0,69	0,69	0,00
Coefficient of financial stability	0,8-0,9	0,69	0,69	0,00
Coefficient of maneuverability of equity capital	0,2-0,5	0,71	0,81	0,10
Concentration factor of borrowed capital	$\leq 0,5$	0,31	0,31	0,00
Coefficient of own circulation assets	$\geq 0,1$	0,61	0,64	0,03
The ratio of debt to equity (Financial leverage)	$\leq 1$	0,45	0,46	0,01
Permanent asset index	$< 1$	0,29	0,19	-0,10

Source: Own data based on Facebook Inc.

The value of own working capital at the end of the period under review has a positive value and corresponds to the optimal value. Positive value indicates a favorable financial condition of the company, since in this case the company is able to pay off its current liabilities to creditors by selling current assets.

The coefficient of autonomy, the concentration ratio of borrowed capital, the ratio of own circulating assets, the ratio of debt to equity corresponds to its normative values and shows that the organization has enough equity to finance its current activities. However, the coefficient of financial stability and the coefficient of maneuverability of own capital does not reach the normative values and causes concern for the stability of the company.

**Table 9 Analysis of business activity for 2015-2016**

<b>№</b>	<b>Index</b>	<b>January - December 2015</b>	<b>January- December 2016</b>	<b>Changes</b>
1	Turnover of accounts payable, turns	0,59	0,76	0,17
2	Turnover of accounts receivable, turns	6,48	2,79	-3,69
3	Duration of accounts payable, days	614,79	477,62	-137,17
4	Duration of repayment of receivables, days	56,34	130,68	74,34
5	Return of equity, turns	0,75	0,34	-0,41

Source: Own data based on Facebook Inc.

The increase in the indicator of the turnover of accounts payable shows the acceleration of the process of paying bills. The value of the indicator of the turnover of accounts receivable indicates a low efficiency of the organization of the company to collect fees for its products. Reducing the length of repayment of accounts payable on the one hand, may be beneficial for the organization, on the other hand, this may indicate a delay in payment to suppliers, and therefore, loss of business reputation. The trend towards an increase in the indicator of the length of repayment of receivables indicates a decrease in liquidity. Low indicator of the ratio of turnover of equity means inaction of a part of own funds.

**Table 10 Analysis of net assets for 2015-2016**

<b>Index</b>	<b>Index value</b>				<b>Changes</b>	
	<i>Thousand USD</i>		<b>In % to balance currency</b>		<i>Thousand ISD</i>	<b>(+/-)</b>
	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>		
1	2	3	4	5	6	7
1. Net assets	87 569	98 638	68,82%	68,57%	11 069	growth
2. Authorized capital	65 700	65 700	51,64%	45,67%	0	0
3. Excess of net assets over authorized capital (1-2)	21 869	32 938	-	-	11 069	growth
4. Balance currency	127 235	143 850	-	-	16 615	growth

Source: Own data based on Facebook Inc.

Net assets are that part of the company's assets (in value terms) that remains available to distribution to shareholders after settlement with all creditors in case of liquidation of the



company, i.e. it characterizes the interests of shareholders. As of 31.12.2016. net assets of the company amount to 98 638 Thousand USD, which is higher than the indicator of 31.12.2015. on 11 069 Thousand USD. The growth of net assets in dynamics is seen as a favorable trend.

Based on the results of the analysis, we can conclude that the positive result of the company's activity is the net profit from financial and economic activity for January-December 2016, amounting to 11,069 Thousand USD.

#### **4.4 Ways to improve the financial stability of the enterprise**

Based on the analysis, the following conclusions can be drawn.

Based on the models discussed above, the structure of the organization's assets at the end of the reporting period can be attributed to the conservative model.

When analyzing the assets of the balance sheet it is clear that the total value of the assets of the enterprise in the reporting period, compared with the base increased. However, there is a positive trend: in comparison with the base analyzed period - in the reporting period, the share of non-current assets in the overall structure of the balance decreased by -7%, which in dynamics can lead to faster turnover.

However, the enterprise already today needs to carry out measures to accelerate the turnover of funds.

Acceleration of turnover of circulating assets can be achieved due to the use of the following factors: the outstripping growth rate of sales volumes in comparison with the growth rate of current assets; improvement of the supply and marketing system; reduction of the duration of the production cycle, etc.

The amount of accounts receivable for the analyzed period has increased. It is necessary to carry out systematic work to reduce the number of receivables: drafting of existing contracts, making adjustments, changes, active work on reconciliation acts and working with debtors of the enterprise.

For successful development of activities, it is necessary that the profitability of net assets is higher than the weighted average cost of capital, then the enterprise is able to pay not only interest on loans and declared dividends, but also reinvest part of the net profit in production. Achieving high profitability of net assets can be achieved by increasing the volume of products, increasing prices, reducing production and sales costs.

The growth rate of fixed assets in the balance sheet total is 119%. Thus, the company can be classified as a trend towards asset-intensive production.

As private events for 2017, we recommend the following activities:

- the sale of part of the equipment will lead to the release of funds
- Reduction of accounts receivable (work with contracts, debt recovery)

The problem of non-payments has always been very important for enterprises. That is why today more and more attention is paid to the issue of organization of interaction with consumers and effective work with debt.

To do this, we designate the system as a specific process that can be controlled. The main attention should be paid to the reduction and prevention of arrears, which arose relatively recently, as long-term debts are much more difficult to collect. And as the main result (the goal of the activity), which must be achieved at the same time, is the collection rate of payments sufficient to cover the costs of activities and profit.

The starting element in the payment system is control. It is he who allows us to continuously verify our goal with the fact, that is, watch its execution. Monitoring payments is the work of collecting information on the amount of payments for subsequent analysis. Monitoring of payments provides for continuous monitoring of settlements of the population for housing and communal services, analysis of settlement data (for example, such as systematic receipt, changes in the level of payments depending on various factors), identification of non-payers for further work with them, collecting information necessary for the subsequent improvement of the organization's activities aimed at working with debtors.

In order to work effectively to identify debt, it should be carried out regularly, that is, do not allow long breaks, at certain intervals (for example, quarterly / monthly). In addition, debt monitoring should be strictly directed towards the solution of the set tasks. The next stage is regulation. It implies carrying out changes in the work of housing and communal services enterprises - improving the quality of provided housing and communal services, arranging payment systems, intensifying information interaction, etc. On the basis of the data obtained, analysis of changes in dynamics, it is necessary to change a parameter of the enterprise's activity, make its work more understandable and convenient for the consumer, and this must necessarily lead to an increase in the collection rate of payments.

The work of the enterprise must be made on the basis of knowledge of its consumer, taking into account its interests and needs. The approach based on satisfaction of needs of consumers, to introduce at the enterprises is rather difficult.

First, it requires the purchase of expensive software, which is difficult to do in conditions of a complex financial state of health.

Secondly, the material and technical base, the state of engineering networks and housing stock does not allow most enterprises to provide individual services to consumers (high-quality services for the most demanding customers).

For modern enterprises that offer identical services to different groups of the population, the principles of mass marketing (meeting the needs of as many customers as possible with standardized services) are more appropriate.

It should be noted that all parts are interrelated and help to effectively organize work on each direction from the system. Changes in any one of the links invariably lead to a change in others.

To understand the role of each element of the system in dealing with debtors, we correlate them with various activities related to debt management, consider.

**Table 11 The ratio of activities to work with debt**

Debt Operation	Goal	Element of the system
Debt Detection	<ul style="list-style-type: none"> <li>– Determination of the existence of debt.</li> <li>– Classification of arrears.</li> <li>– Identification of debtors.</li> </ul>	Monitoring
Debt prevention	<ul style="list-style-type: none"> <li>– Organization of the provision of quality services, quality control in the workplace.</li> <li>– Improvement of the payment acceptance system, application of various methods and methods of payment.</li> <li>– Deploying activities to provide consumers with sufficient information.</li> </ul>	Regulation
Decrease and collection of debts	<ul style="list-style-type: none"> <li>– Applying debt prevention measures.</li> <li>– Arrangement of notification of debtors.</li> <li>– Creation and maintenance of the commission for debt settlement (Personal reception of debtors, conclusion of agreements on debt repayment).</li> </ul>	Regulation

Source: Savitskaya G.V. Analysis of the economic activity of the enterprise 2015

The result of carrying out activities to work with debt should be the debtor's repayment of debt, that is, the implementation of the element of the "Pay Ru" system, reflected in the accounting documents - an element of the "Accounting" system.

**Table 12 The forecast of changes**

Asset	31.12.2016	31.12.2017(forecast)	In absolute terms, USD.	Rate of increase
<b>I. Fixed assets</b>				
Intangible assets	146	146	-	100,00%
Results of research and development	0	0	-	0,00%
Intangible search assets	0	0	-	0,00%
Material search assets	0	0	-	0,00%
Fixed assets	13 516	3 516	-10 000	26,01%
Profitable investments in tangible assets	392	392	-	0,00%
Financial investments	4595	4595	-	0,00%
Deferred tax assets	51	51	-	100,00%
Other noncurrent assets	0	0	-	0,00%
<b>Results I</b>	<b>18 700</b>	<b>8700</b>	<b>- 10 000 0</b>	<b>46,52%</b>
<b>II. Current assets</b>				
Inventory	15 376	15 376	-	100,00%
Value added tax on purchased valuables	6	6	-	100,00%
Receivables	17 292	12292	-5 000	71,08%
Financial investments	52 000	0	-	0,00%
Cash	33 549	58 549	25 000	174,52%
Other current assets	6926	6926	-	100,00%
<b>Results II</b>	<b>125 510</b>	<b>145 510</b>	<b>20 000 000</b>	<b>115,93%</b>
<b>Balance</b>	<b>143 850</b>	<b>154 210</b>	<b>-</b>	<b>107,20%</b>

Source: Own data based on Facebook Inc.

As we see from this table, the measures taken have an effect already in 2016, namely: fixed assets are reduced due to the sale of equipment for 20 million rubles, thereby reducing the share of fixed assets in the structure of the company's non-circulating assets, measures for demanding receivables will lead to a decrease in accounts receivable by 5 million rubles, thereby providing the company with the receipt of cash, cash is increased by 25 million rubles. Thus, the proposed activities will contribute to increasing the share of current assets of the company in the company's property structure.

Thus, in this chapter, recommendations were proposed to improve the management of a young and innovative Company. The following recommendations are included in the proposed recommendations.

As private events for 2017, we recommend the following activities:

- the sale of part of the equipment will lead to the release of funds
- Reduction of accounts receivable (work with contracts, debt recovery)

Organization of work with receivables for payment of services.

The following principles should become the main principles in this activity:

1. The enterprise should have a unified policy of clear, planned and regulated actions in relation to consumers of services, and consumers should be notified about it;
2. Mutual relations with consumers must be built on the basis of knowledge about the specific needs of the serviced segment (Individual approach to each segment of consumers);
3. The focus should be on debt prevention and liquidation in the early stages, because debt collection requires the costs of much greater financial, human and temporal resources.

## **5 Results and Discussion**

### **5.1 Results**

Financial analysis is one of the key tasks of financial management of the organization.

Financial analysis is defined as part of the economic analysis, which is a system of certain knowledge associated with the study of the financial position of the organization and its financial results, which are formed under the influence of objective and subjective factors, on the basis of financial reporting data. Financial analysis is a process of studying the financial condition and main results of a company's financial activity in order to identify reserves to increase its market value and ensure its effective development. The financial condition of the enterprise is the result of the interaction of all elements of the system of economic relations and is determined by the totality of production and economic factors. The analysis of the financial condition is also understood as the identification of interrelations and interdependencies between various indicators of financial and economic activity included in the financial statements.

The purpose of financial analysis is to identify the strongest and weakest aspects of the enterprise, which allows to make appropriate management decisions based on an assessment of its current financial state and potential opportunities for the future. Analytical procedures that allow to study the economic dynamics at the enterprise level from the point of view of justification of rational management decisions for the enterprises of different branches are basically the same.<sup>53</sup>

Analysis of financial and economic indicators of the enterprise, it makes it possible to develop appropriate recommendations for the management of financial resources of the enterprise to improve its solvency, financial stability and improve the competitiveness of the enterprise as a whole, by increasing the competitiveness of the goods.

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<sup>53</sup> Sheremet A.D., Negashev E.V. Methods of financial analysis. - Moscow: INFRA-M, 2015.

In this paper, we study the indicators and assessment of the financial condition of enterprises as the basis for making management decisions, as well as identify ways to improve the financial situation.

The study found that the main objective of any kind of financial analysis is the assessment and identification of internal problems of the company for the preparation, justification and adoption of various managerial decisions, including in the field of development, exit from crisis, transition to bankruptcy procedures, purchase or sale of business or a package of shares, attraction of investments (borrowed funds).

Depending on the specific objectives, financial analysis can be carried out in the following types:

- express analysis (designed to receive 1-2 days of a general presentation of the company's financial position on the basis of forms of external accounting);
- a comprehensive financial analysis (designed to obtain an integrated assessment of the company's financial position for 3-4 weeks on the basis of forms of external financial statements, as well as transcripts of accounting reports, analytical accounting data, independent audit results, etc.);
- financial analysis as part of a company's general business process research (designed to obtain a comprehensive assessment of all aspects of the company's operations - production, finance, supply, marketing and sales, management, personnel, etc.);
- Oriented financial analysis (designed to address the company's priority financial problem, for example, optimization of accounts receivable on the basis of both the main forms of external financial statements and transcripts of only those reporting items that are related to this problem);
- regular financial analysis (designed to establish effective financial management of the company on the basis of submitting, within a certain time, quarterly or monthly, the specially processed results of a comprehensive financial analysis).



Depending on the set directions, financial analysis can be conducted in the following forms:

- retrospective analysis (designed to analyze the current trends and problems of the financial condition of the company, while we believe that, as a rule, there is enough quarterly reporting for the last reporting year and the reporting period of the current year);
- plan-actual analysis (required to assess and identify the reasons for the deviation of reporting figures from planned);
- prospective analysis (necessary for examination of financial plans, their validity and reliability from the standpoint of the current state and the available potential).

A prerequisite for the financial analysis of the Russian company was and remains the impeccable knowledge of the foundations of the traditional approach. Comprehension and mastering of the technique of financial analysis is facilitated by:

- extensive methodological base of Western (E. Helfert, TP Karlin, A. R. Mackin and others) and Russian (N. Blatov, A. Sheremet, M. Kreinin, etc.) scientists and specialists;
- a wide range of special software tools (from simple analytical programs worth \$ 200 to integrated management accounting systems costing more than \$ 1 million);
- accumulated experience of practical research.<sup>54</sup>

The algorithm of traditional financial analysis includes the following stages:

1. Collection of necessary information (the volume depends on the tasks and type of financial analysis).
2. Evaluation of the reliability of information (usually using independent audit results).

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<sup>54</sup> Sheremet A.D., Negashev E.V. Methods of financial analysis. - Moscow: INFRA-M, 2015.

3. Information processing (compilation of analytical tables and aggregated reporting forms).

4. Calculation of indicators of the structure of financial statements (vertical analysis).

5. Calculation of indicators of changes in articles of financial statements (horizontal analysis).

6. Calculation of financial ratios for the main aspects of financial activities or intermediate financial aggregates (financial stability, solvency, business activity, profitability).

7. Comparative analysis of the values of financial ratios with the norms (universally recognized and average industry).

8. Analysis of changes in financial ratios (identification of trends in deterioration or improvement).

9. Calculation and evaluation of integral financial coefficients (multifactorial models for assessing the financial condition of the company, the most famous of which is the Altman Z-account).

10. Preparation of an opinion on the financial condition of the company based on the interpretation of the processed data.

Currently, the traditional financial analysis (with a clear statement of tasks and to a certain extent of depth) is able to be carried out professionally and approximately with equal results as employees of the enterprise itself - accounting, financial services, planning and economic service, and attracted specialists - arbitration managers, analysts of partners, auditors and consultants. As a rule, procedures No. 1-6 do not cause difficulties for trained specialists and do not need to be commented, and procedures No. 7-10 already require the consideration of the phenomenon of Russian specificity caused by a sharp drop in economic entities in the abyss of market relations in the 1990s.<sup>55</sup>

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<sup>55</sup> Sheremet A.D., Negashev E.V. Methods of financial analysis. - Moscow: INFRA-M, 2015.

## 5.2 Facebook SWOT analysis

### Strengths

- More than 620 million registered users, i.e. every 13th on Earth<sup>56</sup>
- High activity of Facebook users: often go to the site, download applications. 48% of people aged 18-34 years check Facebook immediately as they wake up<sup>57</sup>
- The cost of the global Internet brand is \$ 3.7 billion, the interest of the general public to the network (film, success story, etc.)<sup>58</sup>
- A wide network of partnerships. More than 2000 sites. Back in 2008, Facebook released an application that allows sites to integrate with the social network.<sup>59</sup>
- Social projects, for example, work to prevent suicide<sup>60</sup>
- The instrument of influence on the social and political situation (celebrities publish on their pages, etc.)<sup>61</sup>

### Weaknesses

- The virtuality of the resource. Full dependence on the Internet, characteristics, etc.
- High dependence on the human resource
- Low representation in some countries due to political or competitive situation, technical features (Internet access, for example)<sup>62</sup>
- Non-transparency of financial activities: the lack of annual public financial reports before the company's withdrawal on an IPO repels some investors and developers<sup>63</sup>

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<sup>56</sup> Zhiotov A., 2011. OTKRITIE Bank estimated Facebook at \$ 76.4 billion. Taken from <http://www.invest-life.ru/articles.html?id=462>

<sup>57</sup> Trimpe A., 2011. Facts about Facebook.

[http://www.youtube.com/watch?v=xJXOavGwAW8&feature=player\\_embedded](http://www.youtube.com/watch?v=xJXOavGwAW8&feature=player_embedded)

<sup>58</sup> The BrandFinance, 2011. Global 500.

[http://brandirectory.com/league\\_tables/table/global\\_500\\_2011/index.php?page=6](http://brandirectory.com/league_tables/table/global_500_2011/index.php?page=6)

<sup>59</sup> Lenta.ru, 2011 Facebook will launch a global comment system. <http://lenta.ru/news/2011/02/01/indaface/>.

<sup>60</sup> Elmexicano.ru, 2011. Facebook will be engaged in the prevention of suicide.

<http://elmexicano.ru/facebook-zajmetsya-predotvrashheniem-samoubijstv/>

<sup>61</sup> Lenta.ru, 2011 The Prime Minister of the Transitional Government of Egypt has resigned.

<http://lenta.ru/news/2011/03/03/egypt/>

<sup>62</sup> Khakimov I., 2011. Will Facebook overcome the milestone of one billion users?

<http://ihakimov.ru/preodoleet-li-facebook-rubezh-v-odin-milliard-polzovatelej>

<sup>63</sup> CNNMoney.com, 2011. Facebook likely to go public in

2012. [http://money.cnn.com/2011/01/06/technology/facebook\\_ipo\\_2012/index.htm](http://money.cnn.com/2011/01/06/technology/facebook_ipo_2012/index.htm)

- The impossibility of an objective assessment of the value of a virtual resource. There are very significant and rapid changes in the company's value.<sup>64</sup>

## Opportunities

- Establishing and maintaining a constant long-term presence of users in the network, i.e. long-term consumption of content, advertising, etc. Average time in social networks is 25 minutes<sup>65</sup>
- Development of the direction of video content. Facebook creates 9.5% of all video traffic, which takes the network to the second place after Google (55%)<sup>66</sup>
- Co-branding and cooperation with other companies from a wide range of areas, expanding partnerships.
- Development of new and new applications
- Continued support for start-ups and third-party developers
- With access to such a large audience, you can sell and offer a variety of products, for example, electronic devices, the popularity of which is growing with the development of society
- The planned IPO in 2012 is the potential for increasing financial and intellectual investment<sup>67</sup>

## Threats

- Investigating the rapid growth of Facebook shares can lead to negative consequences for the value of the brand and the company, especially before placing on an IPO<sup>68</sup>

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<sup>64</sup> NEWS.rin.ru, 2011

<sup>65</sup> Nbmarketing.ru, 2010. Marketing group Newmann Bauer: Analysis of mobile social networks. <http://www.nbmarketing.ru/mobss/>

<sup>66</sup> Makeeva N., 2010. Facebook - the second after Google's video traffic. <http://www.imarketolog.ru/analitika-i-rinki/mini-obzori/facebook-vtoraya-posle-google-po-video-trafiku.html>

<sup>67</sup> CNNMoney.com, 2011. Facebook likely to go public in 2012. [http://money.cnn.com/2011/01/06/technology/facebook\\_ipo\\_2012/index.htm](http://money.cnn.com/2011/01/06/technology/facebook_ipo_2012/index.htm)

<sup>68</sup> Mereminskaya E., 2011. Facebook under suspicion. <http://www.gazeta.ru/business/2011/02/24/3535109.shtml>

- The explosion of the "bubble": disappointment in the brand and structure of the company, a sharp decline in value<sup>69</sup>
- The planned IPO in 2012 is a threat of negative assessments of the company and, as a result, a decrease in its value.<sup>70</sup>
- Network hacking and piracy<sup>71</sup>
- Weakness of copyright, immaturity of legislation in different countries. Potential to increase the number of claims in Facebook
- Potential of political influence of the network. Some countries may prohibit or restrict Facebook from striving to maintain political order
- Rapid development of the Internet. Perhaps the emergence of new imitators-substitutes in a short time.
- Outflow of users for technical reasons, due to inconvenience. According to some business people, Facebook is not convenient for maintaining business correspondence, business connections
- Reducing the pace of development of Facebook itself. And, as a consequence of this and the previous items, blurring of audience interest, overflow to other resources, a decrease in activity

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<sup>69</sup> Forbes, 2011. Investors: Facebook's overvaluation of \$ 50 billion creates a new "bubble" in the market. <http://www.forbes.ru/news/62653-investory-zavyshennaya-otsenka-facebook-v-50-mlrd-sozdaet-novyi-puzyr-na-rynke>.

<sup>70</sup> CNNMoney.com, 2011. Facebook likely to go public in 2012. [http://money.cnn.com/2011/01/06/technology/facebook\\_ipo\\_2012/index.htm](http://money.cnn.com/2011/01/06/technology/facebook_ipo_2012/index.htm)

<sup>71</sup> Lenta.ru, 2011c. Visitors to the site "Zenith" offered to hack into Facebook accounts. <http://lenta.ru/news/2011/04/08/again/>

## 6 Conclusion

Undoubtedly, this phenomenon is conditional and will be overcome with the gradual liberation from the perverted understanding of the market, caused by the obvious costs of the transition period of the economy.

In this paper we present the financial analysis of the Facebook Company

As private events for 2017 to improve financial sustainability, we recommend the following activities:

- the sale of part of the equipment will lead to the release of funds
- Reduction of accounts receivable (work with contracts, debt recovery)

Organization of work with receivables for payment of services.

The following principles should become the main principles in this activity:

1. The enterprise should have a unified policy of clear, planned and regulated actions in relation to consumers of services, and consumers should be notified about it;

2. Mutual relations with consumers must be built on the basis of knowledge about the specific needs of the serviced segment (Individual approach to each segment of consumers);

3. The focus should be on debt prevention and liquidation in the early stages, because debt collection requires the costs of much greater financial, human and temporal resources.

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