Tools of Financial Management of Reputational Risks

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Abstract:

This study is devoted to the issues of financial management of reputational risks. The authors consider the tools for internal and external factors monitoring and analysis; identify and classify the company's stakeholders according to their influence degree; suggest the methods of determining external and internal factors influence on the company's business reputation. Besides they suggest using aggregated (net assets) and disaggregated (net liabilities) indicators of property obtained according to a zero-balance sheet as a criterion for assessing changes in the company's goodwill.

Key words: *tools of financial management, risk-contributing factors, external factors, internal factors, monitoring, analysis, the company's goodwill, tools of accounting engineering, transformed balance sheet, net assets, net liabilities.*

JEL Classification Codes: *G3, G31, G32, M1, M40.*

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1. Introduction

In terms of modern economy, one of the company's main problems is to maintain its rating and reputation. Moreover a risk is an integral part of the economic entity functioning. This category is very ambiguous, which is expressed in its presence in all spheres of human life. That is why theoretical aspects of the "risk" category will be different for each area of its existence.

Keen interest to corporate reputation from the side of business arose in the last decades of the XX century. The reason for this was the transformation of the intangible concept of "goodwill" (business reputation) into financial one, which became the most important intangible asset of the company, evaluated in its balance sheet. The second, not less important reason for interest to the reputation is associated with the increased attention of the world business to the positioning of its social policy.

The problems of sustainable business development and analysis of the company's value as a result of various unrelated factors influence on its functioning attract attention of many researchers. This circumstance moves reputational risks to the number of main concerns of the large companies' management staff.

Majority of Russian companies do not pay enough attention to assessment, analysis and management of the reputational component due to the fact that the category of reputational risk, its origin and manifestation has not been studied enough in domestic research and regulatory system. However, despite the fact that management of this risk has not received proper distribution in Russia, the issue of reputation maintaining and development of tools for the purposes of identification, evaluation, analysis, monitoring and financial management of reputational risks is quite acute.

2. Purposes, methodology, structure of the research

The methodology of this study includes a set of methods and techniques to implement in practice evaluation, analysis and financial management of the company's reputational risks. Methods of evaluation and analysis focus on timely reporting about unfavorable, critical changes, not contributing to the intended target of development; and methods of accounting modeling with application of different cost estimations, aggregated accounting records, and a zero transformed balance sheet are aimed at financial management of reputational risks (Suryanto, 2016; Pociovalisteanu and Thalassinos, 2008; Thalassinos and Liapis, 2014; Vovchenko and Panasenkova, 2013). As a result of application of the recommended methods, focused on effective management of reputational risks, it is possible to assess the impact of internal and external factors on the company's value, to organize an adequate evaluation of the company's goodwill based on the use of aggregated (net assets) and disaggregated (net liabilities) indicators of property obtained according

to a zero balance sheet (Ivanova *et al.,* 2017; Lado González and Calvo Dopico, 2017; Anureev, 2017; Kosinova *et al.,* 2916; Robertie, 2016; Theriou, 2015; Epifanova *et al.,* 2015;

3. Results

The issues of financial management of reputational risks were studied by many domestic and foreign authors. Due to lack of a uniform methodology for determining external and internal factors influence on the company's goodwill, each author contributes his additions. The authors suggest new hypotheses, which serve as a basis for the research, and approaches to an objective assessment of changes in the company's goodwill.

Based on the achieved results, the authors designed a structural and logical scheme of the process of analyzing the factors influencing the company's goodwill and its evaluation, which includes a series of sequential stages.

The proposed structural and logical scheme combines the methods of analysis and accounting methodology, allows presenting accounting and analysis of the company's goodwill and reputational risks as an integral system that complements existing methods for determining external and internal factors influence on the company's goodwill, corrects evaluation of the company's goodwill changes and allows estimating reasonably the company's value.

4. Discussion

Management of the company's business reputation is a complex system process presented in the form of a set of measures on the company's reputation formation, protection and maintaining. Selection of specific management methods depends on the stage of the company's life cycle and on the state of its external and internal environment. Identification of risk-contributing factors in the context of reputational risk management cannot be done only as a part of the risk-management system. Instead, development of complex system of monitoring the enterprise's external and internal environment is necessary in order to respond timely to negative changes and to reduce the probability of risk.

Business reputation management includes the analysis of many factors. At different stages of the company's functioning the influence of various factors can increase or decrease on the contrary. This fact makes the business reputation fluctuate significantly, which complicates its management.

Current state of the economy is characterized by the volatility of external environment and requires from the company adequate and timely response, allowing taking into account these changes in its economic activity. In addition, the observation of the company's performance indicators is not less important. Also in

connection with the abovementioned dependence of the business reputation on key stakeholders a proper analysis of the efficiency of interaction with key groups of the interested parties should be carried out. In this connection, the main management tool is an effective monitoring system, the development of which includes the following tasks:

1) Determining the methods of the company's external environment analysis;

2) Determining the methods of the company's internal resources and opportunities analysis;

3) Determining the methods of the analysis of efficiency of interaction with major groups of internal and external interested parties.

The ultimate purpose of this monitoring is timely informing about unfavorable, critical changes not contributing to the intended target of development. Thus, this kind of strategic analysis provides the necessary data base allowing implementing the process of goal-setting and alternatives selection in the most appropriate and effective way. Figure 1 shows the structural and logical scheme of the procedure of analysis of the factors influencing the company's goodwill and its evaluation.

Stage 1. Identification of possible risk-contributing factors. The company's environment can be presented as a set of internal and external environment, which is divided into microenvironment (of direct impact) and macroenvironment (of indirect impact). The internal environment determines potential and opportunities available to the company; the external microenvironment consists of suppliers, resellers, customers, competitors, etc. Macroenvironment includes political, social, economic, technological and other factors. It is rational to start the analysis of the company's position from the consideration of external environment, as it is less controlled and has a significant impact on the internal component.

Based on the works of foreign and domestic authors I. Ansoff (2009), K. Bowman (1997), Z.I. Vinogradova (2004), J. Gamble (2016), A.T. Zub (2016) Yu.N. Lapygin (2013), A.N. Petrov (2015), M. Piteref (2016), A.J. Strickland (2016), A.A. Thompson (2016), R.A. Fatkhutdinov (2008), M.B. Shifrin (2010) devoted to management, the following basic tools of external factors analysis can be identified: PEST-analysis; SWOT-analysis; M. Porter's model of five competitive forces. Technique of the analysis, known as PEST, is aimed at the study of the macro-environment, which is nominally divided into the following factors: Political; Economic; Social; Technological.

Political factors of external environment have a powerful influence on all aspects of the enterprise. Political stability allows reducing risks in the company's development in the framework of adopted strategic decisions. In this context a creation of consistent and full regulatory base on the issues of economic activity not subject to frequent and radical revision is required from legislative authorities.

Figure 1. The Structural and Logical Scheme of the Procedure of Analysis of the Factors Influencing the Company's Goodwill and Its Evaluation
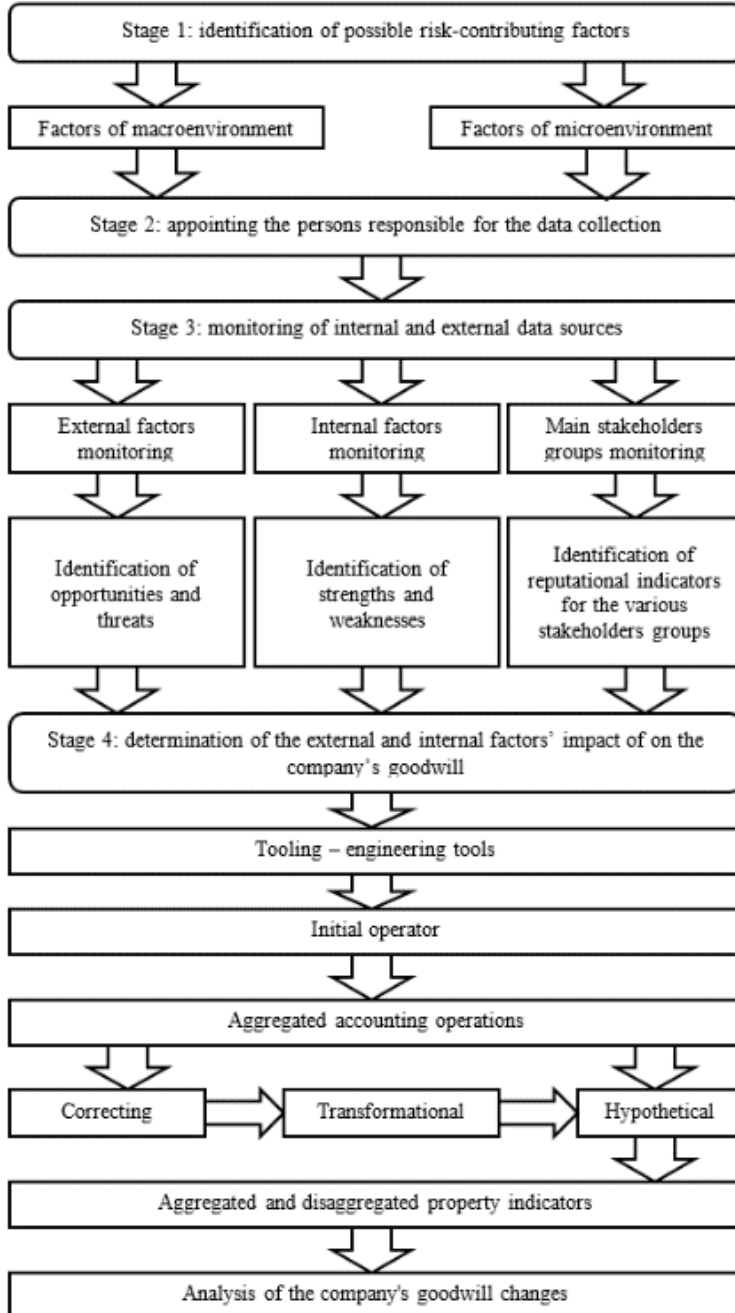
Economic factors are the most important component of the external environment analysis influencing the company's business activity. This analysis involves the forecasts of the economy changes, expressed in a change of the national currency rate, the rate of inflation (deflation), the employment rate, the refinancing rate, etc. First of all the social factors are related to changes in socio-cultural parameters of the population, distribution of the population in terms of income, social mobility of the society, its way of life and environment, level of education, consumption, demographic situation in the country and in the region. These characteristics are difficult to evaluate in terms of quantity, so they are expressed in a qualitative form. Technological factors influence the company in the area of the timely use of research and development results. Technological forecast represents the study of research and technology tendencies, of the priorities of the state in certain areas of technological development, the collection of information about the new world and domestic discoveries and inventions, etc.

In the author's opinion, for a more complete analysis of the macro-environment it is reasonable to use PESTEL-analysis, which is essentially the same as PEST-analysis, but covers a larger number of factors, in particular, the legal and environmental ones are added to the above. It is also proposed to add such factor as "informational" one, which plays an important role in the formation and timely protection of business reputation. It is the increased speed of information dissemination through mass media and the Internet that often leads to irreversible reputational losses.

For a complete picture of the external environment and expanding the opportunities of forecasting the macro-environment should be analyzed in conjunction with the factors of the microenvironment. For its analysis it is necessary to study the competitive environment, i.e., to carry out an industry analysis. Many scientists suggest using for preliminary analysis the model of five competitive forces developed by Michael Porter (2016) in 1979. According to this model the attractiveness of a particular industry depends on five forces: Level of competition in the market; Threat of new players' appearance; Threat of substitute products; Suppliers' influence; Buyers' influence.

So, if it is not difficult to enter a particular market, and the industry's profitability is high enough, it will lead to appearance of new players. However, if demand does not increase in proportion to supply, the price and consequently the profit will fall. The appearance of substitute products could affect sales volumes; the company therefore requires constant monitoring of the market and timely detection of the threat of substitute products appearance. The suppliers' and customers' impact may also influence negatively the company's state. Large customers can impose their conditions unfavorable for the enterprise (price reduction, submitting the loan, etc.), and big suppliers can raise prices.

Thus, analysis of the competitive environment in the context of the five forces according to M. Porter will allow the company identifying the level of influence of

each of them. If the influence of all five forces is high enough the profitability in the industry will be low, which contributes to the implementing of various kinds of risks. On the contrary, the forces weak impact will enable the company to increase the level of prices and profits. So, on the basis of the considered methods, it is possible to create the united model of the external environment analysis.

Stage 2. Appointing the persons responsible for the data collection. The first step in a comprehensive analysis of all the external environment factors is to gather information about political, economic, social, technological, legal, ecological, and informational changes in the company's environment, as well as about such components of the microenvironment as suppliers, customers, competitors. To do this, it is reasonable to appoint certain employees who are assigned the task of monitoring different sources of information (mass media, Internet, professional publications, official data of the Russian Government, researches, statistical collections, marketing researches, internal company's reports, etc.) in order to create and provide periodic analytical reports for the management team. For the purpose of the company's business reputation management, such work should be carried out continuously.

Table 1 shows possible indicators of various factors impact on the company's goodwill, the structure and number of which depends on the company's peculiarities.

Table 1. *Possible Indicators of Various Factors Impact on the Company's Goodwill*

Subsystem	Internal environment				
	Financial	Social	Ecological	Technological	Organizational
Purpose	– Current evaluation of the company's financial soundness; – Analysis of the company's financial status dynamics of last years; – Comparison of the company's financial status with the regulations (average in the industry); – Forecast of financial status as a part of the project of the company's development and control.	Assessment of the human and social capital management system efficiency	Assessment of the existing ecological risk management system efficiency	Assessment of the timeliness and efficiency of the use of research and development results	Assessment of the organizational system ability to provide high quality, timely and effective achievement of the targeted goals
Indicators of the impact of various internal environment factors on the company's goodwill	1. Liquidity indices: – Current liquidity ratio; – Quick asset ratio; – Absolute liquidity ratio; – Net working capital.	Total number of employees, personnel turnover	Quantity of materials consumed, the share of recycled materials in production	Existence of innovative development policy	Policy of corporate management
		Availability of benefits for employees	Amount of energy consumed, its sources	Investment in innovations	Efficiency of the Board of Directors
		The level of accidents at work, cases of death	Existence of policy in the field of ecological safety	Dynamics of production volume	Existence of risk management
	2. Indicators of assets management: – Inventory turnover ratio; – Receivable turnover ratio; – Turnover rate of payables; – Return on assets ratio; – Total assets to sales ratio.	Expenses on labour protection, personnel training and education	Water consumption, share of reused water	Level of production automation	Existence of non-financial reports (ecological, etc.)
		Share of personnel who have the status of a Candidate or Doctor of Science	Emissions of air pollutants	Efficiency of labor	Informational safety (cases of the data leaks and miscommunication)

The end of Table 1

Subsystem	Internal environment				
	Social	Ecological	Technological	Organizational	
		Number of labour disputes, cases of discrimination	Pollutants emissions into waters	Participation in research and development	Existence of the approved documents defining basic principles of functioning
	3. Indicators of sources of funds management: – Share of loans in total amount of sources of finance; – Property ratio; – Capitalization ratio; – Coverage ratio; – Financial leverage.	Impact of the company's functioning on local community	Total number of waste	Capital renewals	Organizational structure (type and rationality of relations)
		Cases of corruption and fraud	Activities and accidents causing environmental damage	Introduction of new technological solutions	Level of strategy (type, effectiveness)
		Impact of the manufactured products on human health, cases of regulatory requirements violation	Failure to comply with environmental legislation (fines, penalties)	Development of new technologies	Trademark (presence of author's certificate, peculiarities, etc.)
	4. Profitability indices: – Current asset turnover ratio; – Non-current asset turnover ratio; – Return on investment; – Return on sales; – Ratio of income generating; – Return on assets; – Return on equity.	Availability of information, products labeling	Measures to reduce the company's functioning impact on environment	Average age of the process equipment	Policy and anti-corruption methods
		Cases of prohibited products sale	Amount of investment for environmental protection	Capital-labor ratio	
		Amount of monetary penalties for non-compliance with laws and regulatory requirements	Amount of investments in energy saving technologies, etc.	Company's technical policy	Existence of control system over the use of the targeted funds
	5. Indicators of market activity: – Price-earnings ratio; – Stock quote ratio; – Dividend payment ratio.	Participation in associations, commissions			Availability of the information about the company and its functioning transparency
		Policy in the field of charitable activities, etc.			

		Expenses on social programs for employees, region, territory of presence			level

After evaluation of the data collected it is necessary to identify opportunities and threats, information about which is used later in the SWOT-analysis. This analysis allows correlating the company's internal environment with its external environment, so it is reasonable to carry it out at the last stage of analytical work, after the analysis of the company's internal factors.

Stage 3. Monitoring of internal and external data sources. Many authors restrict this monitoring to the financial analysis of the company. Indeed, it is worth starting analysis of the internal environment from the assessment of current financial indicators, as changes in any of these may be a sign of worsening (improving) the company's economic activity and its competitiveness. Moreover the indicators are the detectors of the past strategies effectiveness, which helps identifying, changes of different kinds. However in spite of the fact that it is the company's financial success that is a mandatory condition for the stability of its competitive position in the market, but it is not enough for its maintaining. For a more complete understanding of the state of the company's internal environment it is necessary to introduce a comprehensive system allowing controlling non-financial indicators too. The importance of various internal aspects monitoring (relations with customers, employees, etc.) can be proved in many concepts. These are the main ones: Norton-Kaplan Balanced Scorecard; Rampersad's Total Performance Scorecard; McNair's Efficiency Pyramid; Adams-Roberts's EP2M system.

Let us consider the essence of these models:

1) Norton-Kaplan Balanced Scorecard (BSC) was suggested by D. Norton (2016) (a director of the KPMG research center) and R. Kaplan (2016) (a professor at Harvard Business School) and represents the idea that the company's assessment solely on financial indicators does not allow predicting reliably the future of the company. The essence of the system lies in the fact that financial indicators should be complemented by well-chosen non-financial indicators. The complexity of building such a system is that, unlike the universal financial indicators the non-financial ones are unique for each company. The developers suggest assessing the success of the company's performance on four factors: finance, internal business processes, customers, personnel.

2) The Total Performance Scorecard (TPS) suggested by Rampersad K. Hubert (2016) extends the Norton-Kaplan's system considered above and presents the idea of existence of two parallel systems of indicators: organizational balanced scorecard and personal balanced scorecard. The conformity of these two systems is an important task of management. The author defines the TPS as a systematic process of continuous, consistent and regular improvement, which is aimed at steady growth of employees' and organization performance results. Improvement, development and training are the three basic components of the integrated management theory. So, TPS is based on 6 basic principles:
1) Focus on the customer's satisfaction;

2) Coordinated objectives of the individual and the company;
3) Ethics and behavior based on facts;
4) Fascinating and satisfying work;
5) Focus on business processes;
6) Attention to long-term improvement, development and training.

Organizational Balanced Scorecard is used for the distribution of the company's strategy to all of its levels. The system is divided into elements, representing spheres in which the company wants to achieve the greatest success. The four Norton-Kaplan's factors can be taken as a basis. Personal balanced scorecard pays special attention to the employees' personal well-being and public success. People's life, individual skills and social behavior have particular importance in this approach. The same four factors serve as a basis for the construction of these indicators.

3) Olve Nils-Göran (2006), Jan Roy (2006), Vetter Magnus (2006) describe the Efficiency Pyramid of K. McNair, R. Lunch and K. Cross, which was presented in 1990. The concept is also based on the idea of the relation of customer-oriented strategy with financial indicators, supplemented by some non-financial ones. The pyramid is conventionally divided into four steps, representing the structure of the enterprise.

   1) At the upper level the company's management forms the corporate vision.
   2) At the second level the goals of divisions and units are specified in relation to a definite market and financial indicators. Shareholders and customers define what should be assessed.
   3) The third level is a series of cross-functional areas. At this level the purposes and functions are focused on customer's satisfaction and serve as the link between the upper and lower levels.
   4) At the fourth, the lowest level (area of operations) the actions are assessed daily, weekly or monthly.

The Efficiency Pyramid is based on the concepts of global quality management, industrial engineering and accounting, based on "actions". The purposes are transmitted down the organization and the indicators are gathered from bottom to top.

4) Christopher Adams (1993) and Peter Roberts (1993) suggested a model called EP2M (Effective Progress and Performance Measurement). According to the Adams-Roberts's model the following aspects of the company are especially important:
– Service of customers and markets;
– Improvement of internal processes (increase of efficiency and profitability);
– Management of changes and strategy;
– Property and freedom of actions.

Thus the main idea common to all the above mentioned concepts is the need to use the qualitative (non-financial) indicators along with financial ones and to consider the stakeholders' interest in the process of evaluating the company's performance.

Considering the identified peculiarities, when assessing the internal factors impact on the company's goodwill, it is necessary to develop financial and non-financial performance indicators allowing identifying the company's strengths and weaknesses. In addition to the above it is reasonable to choose a set of indicators in such a way that the results were comparable to the external factors analysis. Thus the set of indicators may be developed in the context of the following factors:
1) Financial;
2) Social;
3) Ecological;
4) Technological;
5) Organizational;
6) Stakeholders.

Thus the analysis of the company's activity on the listed positions will provide an opportunity to get the most complete and true-to-life idea of the company's internal environment, strengths and weaknesses. Besides it will allow determining definite purposes for each of the selected areas. Possible set of indicators for each area is presented in Table 2.

A comprehensive internal analysis will allow the company identifying strengths and weaknesses in key areas (financial, social, ecological, technological, and organizational) forming the reputation of a modern company and comparing the obtained results with the opportunities and threats of the external environment.

As mentioned above, many scientists (E. Griffin, A. Zaman, G. Desmond, R. Kelly, M. Barnett) share the stakeholders' approach in determining the goodwill. The latter is regarded herewith as the sum of views of the company and the correspondence to the stakeholders' expectations. Due to the fact that certain groups of internal and external stakeholders are able to influence the stability, and consequently the goodwill, the company needs to monitor constantly the stakeholders' interests and the efficiency of interaction with them. Considering the undeniable importance of this issue it is necessary to develop a comprehensive approach to the analysis of all the stakeholders' groups, which allows identifying the most important aspects of the company's activity for different groups. The information obtained in conjunction with the results of the internal and external environment analysis will allow the company responding to the changes in risk-contributing factors considering the stakeholders' interests.

At the first stage of the analysis it is necessary to identify the stakeholders of the company and to classify them according to the degree of their influence. For this it is

possible to use the classification of the Australian professor Gramm Dowling, emphasizing four audiences with whom long-term relationships should be built:

1) *Regulatory group*s. They set the general rules and laws for the company and evaluate its activity. This group may include: government agencies, government authorities, regulatory authorities, public organizations, professional associations, etc.

2) *Functional groups*. Influence directly on the daily activities of the company, contribute to the production. This group may include: employees, suppliers, distributors, service organizations, marketing/ advertising agencies, consulting/ law firms.

3) *Diffuse groups*. A special type of audience feeling interest in the company when it comes to protecting human rights. This group includes all kinds of mass media, whose attention can be attracted by such issues as: freedom, information confidentiality, environment, minority groups' interests, employment opportunities, etc. A risk of irreparable damage to the company's image and reputation as a whole exists as a result of the wrong tactics of interaction with this audience.

Table 2. *Possible Main Stakeholders of the Company*

Stakeholders	Belonging to environment		Sphere of influence	Indicators of the goodwill formation
	Internal	External		
Regulatory group				
State authorities		+	Establishing the laws and control in the sphere of the company's functioning	Correspondence of the company's activity to current legislation in the country, region, territory of presence
Professional and industry associations		+	Establishing rules of functioning	Correspondence of the company's functioning to the established rules and regulations
Functional group				
Shareholders	+		Have direct impact on the company's reputation by efficiency and quality of its managerial, professional and labour activity	Dividend amount, stock prices and their volatility, transparency of functioning, availability of information, capitalization growth, etc.
Managers	+			Level of salary and responsibility, system of motivation etc.

Emp loye es	+			Level of salary, career opportunities, employment conditions, etc.
Inve stors		+	Have indirect impact by investing and crediting the company's projects. At the same time the goodwill of these investors and creditors has an important role.	Expected profit, level of risk, importance of investment, level of the company's functioning transparency
Cred itors		+		Fulfillment of obligations, timely payment of interest, amount of loan, transparency of reports
Sup plier s		+	Influence the company's reputation by the quality of goods and services, as well as by their own image and reputation	Fulfillment of the contract conditions, timely payment, prepayment options, number and volume of orders, dependence on supply
Diffuse group				
Mas s Med ia		+	Formation of public opinion about the company	The company's participation in social and charitable programs, in the region and the territory of presence development, the development of new technologies, ecological efficiency, cases of fraud, corruption, discrimination, etc.
Consumers				
Con sum ers		+	Have inhomogeneity and difference in the reputational indicators. Have direct impact on the company's reputation by the degree of satisfaction, which can be expressed in different ways (rumors, comments on the Internet, etc.) and thereby forming a public opinion.	Price, quality and safety of products, variety of choices, uniqueness of products, territorial availability, after-sales service, warranty, etc.

4) *Consumers*. This audience is a very important part for any company involved in sales. The complexity of this group lies in its inhomogeneity. Different groups of customers can have different impression about the company's image and reputation.

Thus, having divided the corporate audience into groups the authors facilitated the process of identifying separate groups which have relationships with the company. Therefore at the second stage it is necessary to divide different audiences into groups, to identify their impact and interesting aspects of the goodwill. Table 3

shows the possible main stakeholders of the company in the context of the four groups and belonging to the external or internal environment, defines the spheres of their influence and aspects according to which the company's goodwill is formed for each of the groups.

Stage 4. Determination of the external and internal factors' impact on the company's goodwill. It is possible to assess the external and internal factors influence on the company's goodwill using engineering tools. According to Tkach V.I. (2009) the engineering tools include financial balances, transformed balance sheets, business processes reengineering, interactive methods of economic and mathematic calculations, immunization mechanisms, balanced scorecard, intellectual capital scorecard, net liabilities scorecard, capital scorecard, and zero balances.

L.A. Zimakova (2009) believes that the most important component of successful business development is an effective management of the property on the basis of the financial accounting system with the use of accounting engineering tools. The structure of the accounting engineering tools includes transformed balance sheets, which are widely used in Russia, which can be grouped into ten sections: 1. General management, Management and control of the use of property, Management and control of intellectual capital, Management and control of reserve system and risks, Management and control of innovation processes, Management and control of financial results, Management and control of reorganization and liquidation processes, Management and control of guarantees, pledges and grants, Management of financial status and ability to pay. Overall control and audit is needed.

Accounting engineering tools provide a solution to many problems, including definition of the real value of the company, its consideration in dynamics, registration of external and internal environment factors and the analysis of the company's goodwill changes. Accounting engineering tools are divided into two groups: 1) zero balances that are used for the organization of control of the company in whole as a property complex; 2) special zero balances or special transformed balance sheets used to control separate processes, financial results, synergetic effect, etc. The first group of tools includes the developed by T.S. Grafova software "Engineering Control Technology" (state registration certificate of the computer program No. 2014615498), which allows observing in dynamics the company's goodwill changes.

For the preparation of zero transformed balance sheets it is necessary to determine the initial operator. In total there are more than 20 kinds of initial operators: sections of the balance sheet, ledger, structured chart of accounts, etc., but to simplify the calculations it is recommended to use basic accounting formula: $A = C + L$, where A is for assets; C is for capital; L is for Liabilities.

Further aggregated entries are composed: 1) correctional, allowing taking into consideration or revaluating assets, liabilities and capital, not recorded previously in

the financial account; 2) transformational, reflecting the external and internal factors impact on the company's goodwill; 3) hypothetical, meaning artificial disposal of assets and debt extinguishment. When using main balance formula as an initial operator, it is possible to create only seven aggregated entries, which can be divided into two categories:

1. Changing the total of the balance:
Debit A Credit C – increases the company's assets and capital;
Debit C Credit A – decreases the company's assets and capital;
Debit L Credit C – decreases liabilities and increases capital;
Debit C Credit L – decreases capital and increases liabilities.
2. Not changing the total of the balance:
Debit A Credit A – increase and decrease in assets;
Debit L Credit L – decrease and increase in liabilities;
Debit C Credit C – decrease and increase in capital.

The following data are obtained as a result of these entries:
- Final operator, presented in the form of aggregated (net assets) and disaggregated (net liabilities) indicators of property;
- Safety margin – the difference between net assets, considering reserves and their book value;
- Safety area – active, passive, zero;
- Goodwill – the difference between net assets and net liabilities.

Zero transformed balance sheets are one of the most effective control tools, as they provide analysis and control of the value of the company as a property complex on the basis of net assets and net liabilities. Grafova T.O. (2010) identified alternative economic situations, obtained according to the results of the use of transformed zero‑balance sheets, represented in three positions: 1) positive net value of business; 2) negative net value of business; 3) zero net value of business (Figure 2).

Figure 2. Alternative Economic Situations Obtained According to the Results of the Use of Transformed Zero Balance Sheets
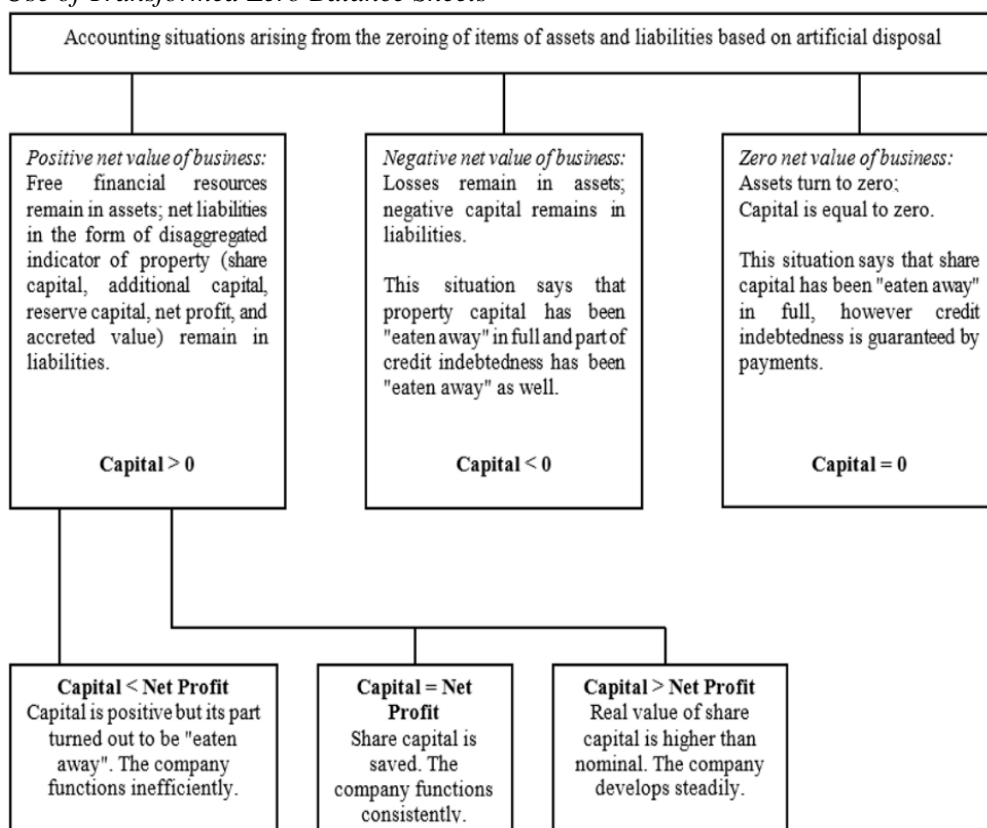
Zero transformed balance sheets allow analyzing in dynamics the changes in the company's goodwill. To do this, it is necessary based on the company's balance sheet to make zero transformed balance sheets on different dates and to compare the obtained goodwill indicators, by identifying: increase of the goodwill indicator – a positive trend; invariance of the goodwill indicator – stability; or decrease of the goodwill indicator – a negative trend.

5. Conclusion

The developed tools of financial management of reputational risks presented in a structural and logic scheme of the process of analyzing the factors influencing the company's goodwill and its evaluation, consisting of four steps: identification of possible risk-contributing factors; appointing the persons responsible for the data collection, monitoring of internal and external data sources; determination of the external and internal factors' impact on the company's goodwill, provide management and control of reputational risks. Preparation of the zero transformed balance sheet considering the above requirements allows evaluating the company's

goodwill in terms of changes in aggregated (net assets) and disaggregated (net liabilities) indicators of property, determining the external and internal risk-contributing factors influence on the company's value and assessing the real value of the company as a property complex.

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