



Creating of cash flows as the tool to manage liquidity risk in leasing activity

**AUTHOR: PHD STUDENT MISHINA MARIA
KAZAN FEDERAL UNIVERSITY**

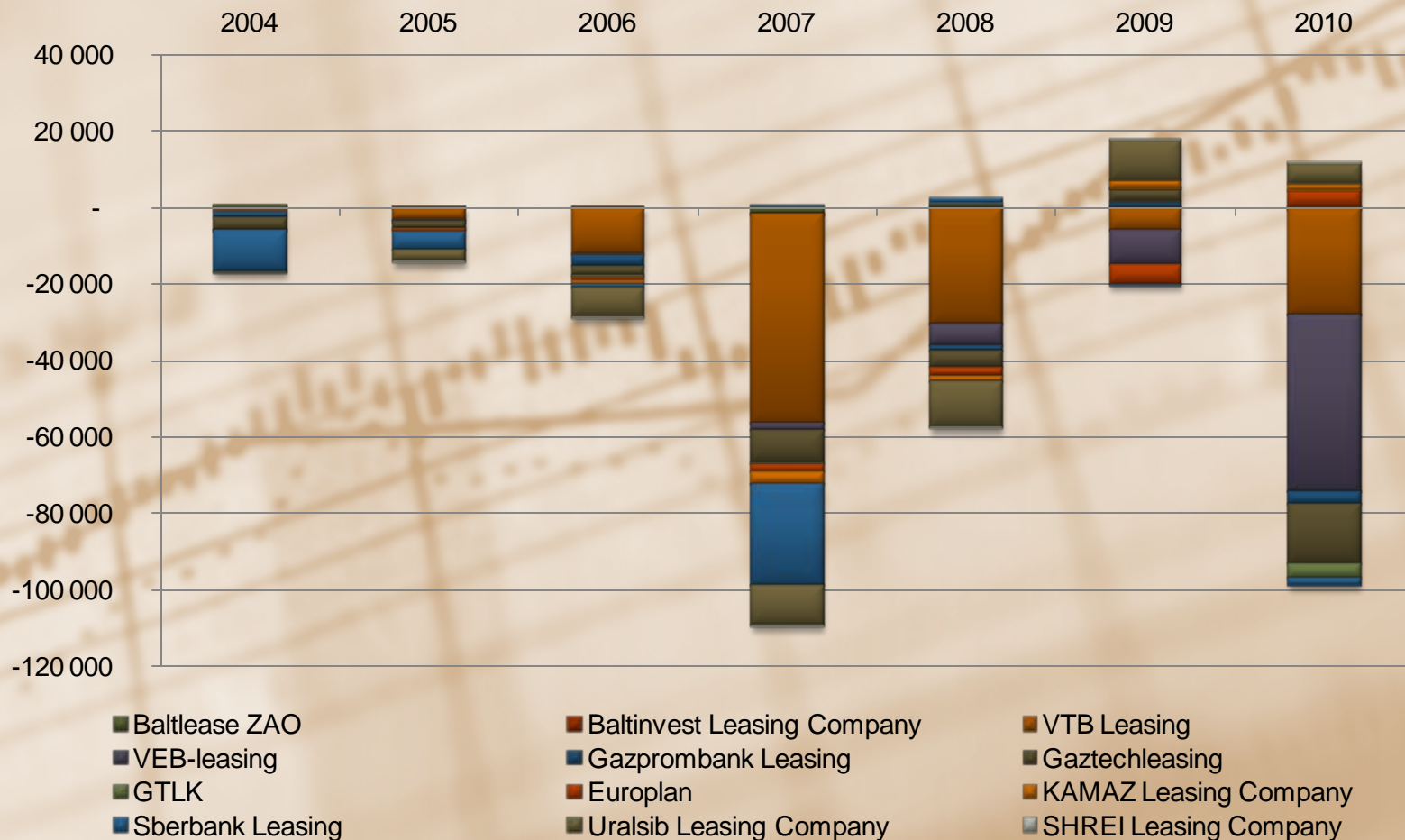
Liquidity risk occurs when there is a system of cash flows penetrating the company, and is realized with a negative impact on her.



The research input data

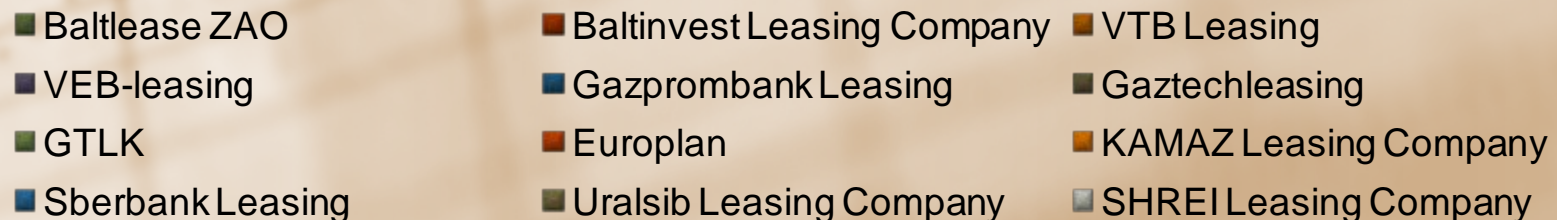
- **12 LEASING COMPANIES, FORMING 70% OF THE LEASING MARKET.**
- **BALANCE SHEET, PROFIT&LOSS ACCOUNT.**
- **DATE RANGE WAS ANALYZED: FROM 2003 TO 2011.**

Total net cash flow of investment activity M.RUB



The chart displays the balance of trade in million EUR for each year from 2004 to 2010. The y-axis ranges from -60,000 to 120,000 in increments of 20,000. The bars are stacked with various colors representing different components of the trade balance. The 2007 bar is the tallest, reaching approximately 110,000 million EUR, while the 2009 bar is the shortest, reaching approximately -35,000 million EUR.

Year	Balance of Trade (million EUR)
2004	15,000
2005	5,000
2006	30,000
2007	110,000
2008	55,000
2009	-35,000
2010	95,000



THE CREATING OF EQUITY

Собственный капитал (Equity capital)

Относительно постоянная часть
(relatively constant share)

Переменная часть (variable share)

Уставные
капитал (share
capital)

Добавочный
капитал
(additional capital)

Резервный
капитал
(reserve
capital)

Нераспреде
ленная
прибыль
(retained
earnings)

Задолженность
учредителей (участников)
по вкладам (взносам) в
уставный (складочный)
капитал (The debt of the
participants on deposits to
the share capital)

$$\Delta RE(UL) = \Delta VS \quad (1)$$

$$\begin{cases} \text{if } RE(UL) = \Delta EC, 0 \\ \text{if } RE(UL) < \Delta EC, \Delta EC - RE(UL) \end{cases} \quad (3)$$

$$\Delta RE(UL) < \Delta EC \quad (2)$$

$$\begin{cases} \text{if } \Delta RE(UL) = \Delta EC, 0 \\ \text{if } \Delta RE(UL) < \Delta EC, \Delta EC - \Delta RE(UL) \end{cases} \quad (4)$$

Total net cash flow of operational activity

M.RUB

Net cash from operation activity	2004	2005	2006	2007	2008	2009	2010
Baltinvest Leasing Company	124 996	100 944	53 637	-230 708	372 434	29 219	59 338
VEB-leasing	1 598 394	1 412 129	2 560 161	6 771 283	3 201 730	2 986 406	-498 536
Sberbank Leasing	-71 907	435 188	75 947	522 162	-3 618 395	3 200 921	879 018
VTB Leasing	51 645	670 846	-925 055	1 027 737	3 405 333	12 195 377	-6 686 517
Gaztechleasing	512 505	1 952 337	-1 262 035	2 457 467	1 768 429	1 850 318	-60 893
Uralsib Leasing Company	-844 471	1 463 301	241 594	980 459	-1 822 394	-1 525 159	2 529 795
Gazprombank Leasing	40 691	103 792	-635 115	-1 851 476	2 110 684	773 129	-160 002
GTLK	-116 621	72 282	310 374	856 088	-88 432	-4 453 530	-1 623 279
KAMAZ Leasing Company	0	-3 680	829 821	634 239	835 975	-694 027	-914 497
Baltlease ZAO	-29 857	27 922	-80 759	-233 011	-56 217	244 156	-3 950
Europian	-191 421	-22 193	-432 242	-918 252	-458 349	-108 580	778 598
SHREI Leasing Company	-169 698	-435 004	-1 191 820	-2 532 961	-1 912 212	6 902 696	-164 062

The distribution of leasing companies by number of negative cash flows from operating activities, 2003-2010.

Amount of negative net cash flows from operating activities	The number of companies who have got into this group
1	2 (Baltinvest Leasing Company, Sberbank Leasing)
2	3 (VEB-leasing, VTB Leasing, Gaztechleasing)
3	3 (Uralsib Leasing Company, Gazprombank Leasing, KAMAZ Leasing Company)
4	1 (GTLK)
5	1 (SHREI Leasing Company)
6	2 (Baltlease ZAO, Europlan)
Total	12

CONCLUSIONS

So, we have one question: is it possible to manage liquidity?

Have we any Are there ways prevent it or exposing it when the market operates many players, each of which has its own model of asset and liability management?

Are there certain indicators in the market that help you to diagnose the future behavior of the leasing market and the leasing company individually?

This is the soil for further thought and research of liquidity risk in leasing activity.

The background of the slide features a faded, sepia-toned line graph on a grid. The graph shows a line with several data points, generally trending upwards from left to right. The grid lines are light and the overall image is out of focus.

Thanks for attention