

PROBLEMS OF FINANCIAL RECOVERY OF AGRICULTURAL ENTERPRISES

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Into the present conditions of economic activity of agricultural enterprises accompanied by various crisis situations that often lead to their bankruptcy. Bankruptcy is a separate entity that has significant negative consequences for the firm and for the agricultural sector and the economy as a whole.

Bankruptcy means the failure of the enterprise satisfy claims of creditors and make obligatory payments to the budget. This situation arises in a situation where liabilities exceed assets of the enterprise. [1] Number of farms with a risk of bankruptcy increases. In this regard, there is need for continuous improvement of enterprises.

Significant contribution to the clarification of issues related to financial recovery farms highlighted in the works of local and foreign authors as M. Aistova, E. Andrushchak, O. Antonova, E. Arhynchuk, J. Blanc, I. Bulyev. They covers organizational, legal, economic principles of these procedures, the stages of implementation, the nature and content of each phase, characterized funding to restore the solvency of companies and peculiarities of these processes in their writings.

Research Methodology. Methodical study served as a base of development of Ukrainian scientists, materials periodicals and regulations for financial recovery farm.

Studies. Financial recovery company is a set of interrelated sequential steps of financial-economic, technological, organizational and social issues aimed at the withdrawal of the entity from the crisis and restore it or achieve profitability and competitiveness.

The term "financial recovery" is a multi-entity, because in the process of socio-economic development should take into account the changes that have affected the expansion of enrichment and deepening of the categories to refine its theoretical interpretation.

You can also create a definition that financial recovery is a set of measures aimed at ensuring the recurrent losses and eliminate their causes, restore or improve the liquidity and solvency, the reduction of all debts, improving the structure and working capital funds formation resources necessary for health measures of technological, organizational and social issues.

The aim is to cover the financial recovery of current losses and eliminate their causes, renovation liquidity and solvency farms, all reducing debt, improving the structure of capital and the formation of the financial resources necessary for sanitation measures of technological nature.

The process of financial rehabilitation of agricultural enterprises requires consistent implementation of measures requiring certain funds that come usually from external sources. Like any project it requires the involvement of external funding, the project financial recovery needs drafting a business plan which is a

document that defines the goals and reveals the process of reorganization of the debtor. [2]

The number of problems in effective farm's operation increase in recent years. Among the factors that affect their development, should be highlighted: the lack of effective reforms and subsidies to industry development, outdated accounting system agricultural products, inefficient internal management of agricultural enterprises and morally and physically obsolete equipment.

The big obstacle of the industry is virtually no funding from the government and non-competitiveness of national producers. Poor financial situation prevents the modernization of the agricultural sector of the population and providing high-quality agricultural products. The state regulates the activity of agricultural enterprises, which prevents them make their own decisions on matters of financial recovery and reform.

To date, the implementation of urgent measures to reform the financial recovery of enterprises of the agricultural sector has become a major issue at both national and on the local levels.

One of the most effective factors of financial recovery of enterprises is the use of internal and external sources of financing rehabilitation.

Use of internal financial reserves can not only significantly reduce the threat of bankruptcy, but also significantly reduces the need to attract external funding. As a result of lack of internal financial resources enterprises use the resort to outsourcing. It is very risky because it does not lead to a decrease in farm dependence on external creditors (investors). The composition of domestic sources of financial recovery is better shown in table 1.

1. Internal sources of financial recovery farms

Potential financial sources of reorganization	Directions of mobilization of profit
Revenue from sale of goods (Works, services)	Increasing Sales
	The increase in prices of goods, works and services
Funds released during the reduction of labor costs	Funds released during the reduction of labor costs decrease wages of employees (in consultation with employees)
Funds received from the increase in other operating income	Sales of surplus raw materials, goods
	Sale of fixed assets and intangible assets
	Ensuring the return of previously written off uncollectible receivables
Obtaining funds from the increase in other financial income	Delivery in finance lease assets that are not used in production
Funds released during the reduction of overhead cost reduction of management	Reducing wage management
	Reducing wage management

Funds released in the process to reduce administrative costs	Reduced costs of meeting participants
	Reducing the costs of travel, rewards employees
	Saving communication costs, heating and lighting, water
Funds released during the reduction of financial costs reissue credit agreements for the purpose of reducing the annual rate of interest	Reduce the cost of transportation of products through their inclusion in the purchase price
Funds released in the process of reducing the cost of sales of low-cost packaging of goods	The use of low-cost packaging of goods
	Reduce the cost of transportation of products through their inclusion in the purchase price

Internal sources of financial recovery rehabilitation play an important role in restoring solvency entities, except as searching and the use of financial reserves at the present time, they allow in the future to increase farm profitability by saving on various expenditures. [4]

External sources of financial recovery also play an important role in the implementation of health measures, but their mobilization is not always possible, and involves spending more money on their involvement. Therefore, the recovery of finance main focus should be on mobilizing domestic financial resources. Farms in modern conditions of development have limited ability to obtain credit for the introduction of measures to financial recovery. A domestic source can be mobilized at short notice and do not require significant additional capital investment. [5] The increase in the size of domestic sources of financial recovery increases the credibility of the business from creditors and reduces the risk of recognition of the company bankrupt. Potential external sources of financial recovery and directions of their mobilization are shown in TABLE 2.

2. External sources of financial recovery farms

Potential sources of financial recovery	Destinations of mobilization of profit
Equity lenders targeting bank loans	Providing targeted bank loans
Equity lenders of employees	<i>Providing by employees the irrevocable financial assistance and loans</i>
Equity members (owners)	Additional contributions to the authorized capital
	<i>Provision of non-repayable financial assistance</i>
<i>Direct public funding</i>	Providing budgetary subsidies, subventions, grants
	Adding state funds to the statutory fund farms

<i>Indirect public funding</i>	Providing tax incentives
	Providing government concessional loans
	Implementation of state orders for products companies which implemented measures sanitation
	Allow violation of antitrust laws on pricing

Thus, the use of external and internal sources of financial recovery is successful when with their help are conducted organizational and production-technical improvements, the farms out of the crisis and ensure their profitability and competitiveness in the long run.

Conclusions. This study leads to the conclusion that the using of the financial health measures will facilitate the sustainable development of the national economy, and ensure sustainable functioning of Ukrainian agricultural enterprises. Timely and efficient use of available treatments will avoid significant losses in financial and economic activity, will strengthen the competitiveness of enterprises. For this purpose it is necessary to improve the Ukrainian legislation, applying international experience and taking into account the peculiarities of the national economy. This will allow in time to respond to problems that arise in the activity of agricultural enterprises and avoid adverse effects. [3]

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Одержано 9.04.13

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Проблемы финансового оздоровления сельскохозяйственных предприятий

Применения финансовых оздоровительных мероприятий будет способствовать стабильному развитию отечественной экономики, так как обеспечат постоянное функционирование украинских сельскохозяйственных предприятий. Одним из самых действенных факторов проведения финансового оздоровления сельскохозяйственных предприятий является использование внутренних и внешних источников финансирования санации. С их помощью будут проводиться организационные и производственно-технические усовершенствования, сельскохозяйственные предприятия будут выходить из кризиса и обеспечивать свою прибыльность и конкурентоспособность в долгосрочном периоде. Своевременное и рациональное использование имеющихся оздоровительных процедур позволят избежать значительных потерь в финансово-экономической деятельности, укреплять конкурентные позиции предприятий. С этой целью необходимо совершенствовать украинское законодательство, применяя зарубежный опыт и учитывая особенности отечественной экономики. Это позволит вовремя среагировать на проблемы, возникающие в деятельности сельскохозяйственных предприятий, и избежать негативных последствий

Ключевые слова: финансовое оздоровление, банкротство, сельскохозяйственные предприятия, внутренние финансов источники, внешние финансовые источники.

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Problems of financial recovery of agricultural enterprises

The use of financial improvement measures will promote the sustainable development of the national economy, so as to ensure the continued functioning of the Ukrainian agricultural enterprises. One of the most effective factors of the financial recovery of agricultural enterprises is the use of internal and external sources of financing rehabilitation. With their help the organizational and production-technical improvements will be held, agricultural enterprises will overcome the crisis and ensure their profitability and competitiveness during the long term. Timely and efficient use of available health care procedures will avoid significant losses in the financial and economic activities, and to strengthen the competitive position of businesses. For this purpose it is necessary to improve the Ukrainian legislation, applying international experience and taking into account the peculiarities of the domestic economy. This will allow to react on the problems arising in the activities of agricultural enterprises in time, and to avoid the negative consequences.

Key words: financial restructuring, bankruptcy, agricultural enterprises, financial internal sources and external financial sources.