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INTERNAL AND EXTERNAL FINANCIAL RESOURCES OF AGRICULTURAL ENTERPRISES REORGANIZATION

Statement of a problem. Agricultural enterprises are very perceptible to the environmental changes, they have continues production cycle, inflexible demand for production and a number of other features that, in total, increase the risk of crisis phenomena and bankruptcy emergence. The measure that can prevent bankruptcy is a financial reorganization. It is aimed at bringing the enterprise into a healthy state and repaying debts to the creditors. It is impossible to conduct a financial reorganization without procurement of additional financial resources that is why the question of searching financial resources for the reorganization is actually.

The analyses of the latest researches and publications. A great attention is paid now to the question of financial normalization of agricultural enterprises and financial resources reorganization. Such scientists as O. Tereshchenko, I. Blank, O. Oliinyk, V. Savyts'ka, S. Perederiyeva, K. Bagats'ka and others have contributed heavily to the scientific foundation of these problems. But nevertheless, some questions concerning searching financial resources for agricultural enterprises reorganization have been not studied enough yet.

Formulation of the article purposes. The aim of the article is lightening the methodic approaches to internal and external financial resources formation of agricultural enterprises reorganization at different stages of crisis phenomena development.

Statement of the investigation basic material. It is necessary to carry out the reorganization measures at the enterprise according to the depth of its financial crisis. In the case of the agricultural enterprise solvency decline and the liquidity first signs emergence, the main task of financial reorganization at a given stage is to bend every effort to the optimization of capital flows.

The primary tasks of financial reorganization as for the averting the crisis and renewing the solvency are constant monitoring of capital flows, finding and realization the reserves which will help to shorten the dependence of the enterprise upon the external sources; assessment and development of measures

aimed at an acceleration, weakening or reduction of capital flows movement; raising the clear capital flow volume obtained from the farm activity [1, p. 80].

In the first place at a given stage it is necessary to achieve the balance between the volume of the positive and negative capital flows, to decrease the deficit of the enterprise money resources during a short-term period. For this purpose the measures for acceleration of funds attraction and reduction of their payment are being developed (figure 1) [2].

Measures taken to accelerate funds attraction	Measures taken to reduce funds payment
→ Ensuring partial or full prepayment for the production that has a great demand at a market	← Extension the terms of against goods credit given to the enterprise according to the agreement with the suppliers
→ Shortening the terms of against goods credit given to the buyers	← Using a float(a period of made out payment documents passing to their clearance) for the reduction of one's payment documents collection
→ Increasing the size of price discounts on products realization at cash	
→ Acceleration of overdue debts collection	← Gaining capital assets on leasing terms
→ Using modern forms of debts reinvestment (factoring, forfaiting)	← Restructuring of obtained credits by means of transferring them from short-term to long-term ones
→ Realization of the enterprise finished products carry-over	← More effective usage of production stocks

Figure 1. Short-term measures to balance a deficit capital flow

The source: summarized by the author on the base [2]

It is necessary to remember that short-term measures help to balance the capital flows but they result in capital flow deficit increasing in the nearest future. That is why together with the short-term measures it is necessary to balance the capital flow during the long-term period (figure 2).

Synchronization of capital flows should be aimed at the elimination of seasonal and cyclonic divergences in positive and negative capital flows formation as well as at the optimization of an average cash balance [2]. The final stage of the optimization is ensuring facilities for the enterprise clear capital flow maximization, growth of which guarantees the increasing of self-financing level and decreases the dependence upon the external financial sources [3].

The main efforts in the process of a financial reorganization at the stage of a liquidity crisis should be directed to the incoming capital flows growth. This will secure the solvency of the enterprise. In the context of intraproductive reorganizational reserves mobilization, all available efforts for the growth of proceeds of the sale are analyzed [4, p. 227].

Measures taken to increase a positive capital flow	Measures taken to reduce a negative capital flow
Extra stocks issue	Decreasing the sum of the enterprise constant expenditures
Extra emission of a bond loan	Reducing the volume of real investments
Attraction of long-term credits	
Attraction of strategic investors	Reducing the volume of financial investments
Selling the part of long-term financial investments	
Selling or letting on lease the unused fixed assets	Transferring community and cultural facilities and sphere of everyday repair service to the municipal property

Figure 2. Long-term measures to balance a deficit capital flow [2]

The size of proceeds of the sale depends upon two main factors: the volume of products sold and their price. Grouping of agricultural enterprises according to the volume of proceeds of the sale per 1 ha showed that the financial conditions of the enterprises which received more than 4,0 thousand gryvnas revenue from selling in 2011 are better than the conditions of the enterprises which received less volume of revenue (table 1).

As the calculations showed, as far as the proceeds of the sale per 1 ha of agricultural lands are increasing, there is a tendency to improve the financial condition. The more revenue the enterprise receives, the more financial resources it will have at its disposal when other things being equal. But it is necessary to point out that the share of borrowed funds in a capital structure of the third group is higher than in the group with the revenue from 2 to 4 thousand gryvnas per 1 ha of agricultural lands, it constitutes 49,7 %. This fact caused the decreasing of the enterprises liquidity in comparison with the previous group to the level of 1, 351, and reduced the high profitability of its own capital to 25,7 %. That is why the growth of proceeds of the sale can be considered as a source for financial reorganization only in the case when the volumes of profitable production realization are increasing. In the case of unprofitable kinds of products it leads to the deterioration of a financial condition.

At the same time, a group of the enterprises which have the proceeds of the sale over 4, 0 thousand gryvnas per 1 ha of agricultural lands, includes some farms whose financial conditions were unstable in 2011. One of these farms is the farm № 12 (see table 3.3). Despite the fact that the volume of the proceeds of the sale per 1 ha of agricultural lands in 2011 was 5, 3 thousand gryvnas, the

financial independence coefficient is negative, it equals -0,126 and according to the majority models evaluation the financial condition of this enterprise was estimated as unstable. The conclusion can be made that proceeds of the sale increasing does not guarantee a stable financial condition of the enterprise. From one side, it has been caused by the action of the law of regressing return and from the other side – by the enterprise specialization and its commercial products structure, because the increasing of revenue volume from the unprofitable production leads to the unprofitableness growth and the financial condition deterioration.

1. Influence of proceeds of the sale on the financial conditions of agricultural enterprises in Chernigiv region* in 2011

Indices	Groups of enterprises according to the volume of proceeds of the sale per 1 ha of agricultural lands, thousands gryvnas				On average in total
	up to 2,00	2,01 – 4,00	over 4,01		
			total in a group	including enterprise № 12	
Number of the enterprises in a group	18	16	16	1	50
Proceeds of the sale per 1 ha of agricultural lands, thousands gryvnas	0,942	2,667	6,078	5,346	3,540
Overall liquidity coefficient	0,777	2,423	1,351	0,427	1,205
Financial independence coefficient	0,128	0,528	0,503	-0,126	0,424
Assets turnover coefficient	0,216	0,584	0,640	0,731	0,536
Profitability of own capital, %	-118,4	-5,0	25,7	-3,9	9,7
Al'tman model	0,099	1,065	1,715	0,795	1,247
Saifullin and Kadykov model	-0,603	0,801	0,871	-3,403	0,567
Tereshchenko model	-1,153	1,295	1,560	0,094	1,147
Summarizing evaluation of a financial condition	-8,402	2,708	4,528	-2,225	2,723

Note: *50 agricultural enterprises of Bahmats'kyj, Mens'kyj, Novgorod-Sivers'kyj, Talalaivs'kyj and Shchors'kyj districts of Chernigiv region are included to the calculation

The source: calculated by the author on the base of the agricultural enterprises financial reporting data

The increasing of the proceeds of the sale volume is considered to be one of the internal mobilization sources of financial resources and it ensures an improving of a financial condition. Especially it concerns the production that has been already produced and lies in a storage forming carry-over products. But as the calculations showed, the stirring up of unprofitable activity and directing the funds obtained from the carry-over products to debts repayment when a coefficient of the enterprise overall liquidity is less than 1,0 don't lead to a financial condition improving. But these activities lead to its deterioration, especially such its component as liquidity (table 2).

2. Influence of finished products carry-over on the financial condition of PAP «Agrofirm «Verbivs'ke» Balakleya district Kharkiv region, thousands gryvnas

Indices	State on 31.12.2012	Predicted indices*	Deviations (+,-)
Monetary resources and their equivalents	7	7	-
Debts	4951	4951	-
Finished products	1378	78	-1300
Floating assets, in total	19158	17858	-1300
Personal capital and subsistence	-3789	-3789	-
Current obligations	32356	31056	-1300
Long-term balance	24971	24971	-
Balance currency	53538	52238	-1300
Financial condition indices			
Absolute liquidity coefficient	0,000	0,000	0,000
Transitional liquidity coefficient	0,153	0,160	0,006
Overall liquidity coefficient	0,592	0,575	-0,017
Financial independence coefficient	-0,071	-0,073	-0,002
Al'tman model	1,118	1,128	0,010
Saifullin and Kadykov model	-4,507	-4,800	-0,293
Tereshchenko model	0,056	0,056	0,000
Summarizing evaluation of a financial condition	-0,698	-0,715	-0,017

Note: * under the condition finished products carry-over realization and directing the funds to the short-term debts repayment

The source: calculated by the author

It is clearly seen that the realization of the finished products remainders and the repayment of the part of the enterprise current liabilities on account of the received revenue led to financial condition deterioration: overall liquidity coefficient fell at 0,017, financial independence coefficient fell at 0,02. The financial condition evaluations after the discriminate models have also diminished, except Al'tman model according to which the financial condition of the enterprise has been improved. In accordance with the general evaluation, realization of finished products carry-over leads to the decreasing of financial positions at 0,017.

The same conclusions as for the PAP «Agrofirm «Verbivs'ke» were obtained also while predicting the finished products remainders realization at the sum of 1300 thousand hryvnas, the enterprise debts repayment at the sum of 4500 thousand hryvnas and the reimbursement of the part of current obligations with the obtained funds. Under such circumstances the transitional liquidity coefficient diminishes at 0,136. The overall liquidity coefficient diminishes at 0,089. All discriminative models, except Al'tman model, indicate the deterioration of the enterprise financial condition. Realization of finished products carry-over when the overall liquidity coefficient is less than 1,0 leads to the enterprise financial condition deterioration. It is connected with the fact that the specific weight of the enterprise debts is high and such measures don't give a considerable effect.

The main task of financial condition reorganization is the search of personal financial resources. One of the internal sources of financial resources is the enterprise reserve capital. According to the modern methodology of accounting, a reserve capital is an insurance capital created by the enterprise on account of its own capital deduction. It is done with the aim of repaying possible losses and carrying out the disbursements to the investors and creditors under the insufficient cost providing [4, p. 666]. But nevertheless, under the modern methodology of reserve capital formation, its creation at the enterprise doesn't guarantee debts repayment and a financial condition improving (table 3).

The conducted grouping of agricultural enterprises in Chernigiv region showed that, in fact, the reserve capital doesn't perform its role of balancing losses repayment, not speaking about the payments to investors and creditors. The enterprises which had no reserve capital but gained a profit in 2011 were in a stable financial condition. At the same time, the enterprises which formed the reserve capital but had no undivided profit were in a difficult financial condition. The specific weight of the enterprises with unstable financial conditions in a group of farms which didn't form the reserve capital but had an undivided profit was 15,4 %, and in a group of unprofitable enterprises which formed the reserve capital, the specific weight constituted 45,5 %.

3. Dependence of a financial condition on the reserve capital and undivided profit presence at the agricultural enterprises in Cchernigiv region* in 2011

Indices	Groups of the enterprises according to the reserve capital and undivided profit			
	the enterprises which had no reserve capital		the enterprises which had the reserve capital	
	there is no undivided profit	undivided profit is present	there is no undivided profit	undivided profit is present
Number of the enterprises in a group	13	13	11	13
Commercial products per 1 ha of agricultural lands, thousands gryvnas	1,98	4,79	1,45	4,84
Overall liquidity coefficient	0,736	1,254	0,638	1,564
Financial liquidity coefficient	-0,324	0,488	0,277	0,669
Al'tman model	0,307	1,408	-0,531	1,681
Saifullin and Kadykov model	-1,864	0,704	-1,016	1,402
Tereshchenko model	-0,645	1,309	-0,550	1,963
Summarizing evaluation of a financial condition	1,303	3,604	-6,141	4,682
Specific weight of the enterprises with an unstable financial condition, %	53,8	15,4	45,5	0,0

Note:*50 agricultural enterprises of Bahmats'kyj, Men'kyj, Novgorod-Sivers'kyj, Talalaivs'kyj and Shchors'kyj districts of Chernigiv region are included to the calculation

The source: calculated by the author on the base of the agricultural enterprises financial reporting data

It is worth to note that the part of the financial condition indices of the enterprises which formed the reserve capital and had the undivided profit was worse than that of the enterprises which had neither the reserve capital nor the undivided profit. In a group of the enterprises which form the reserve capital and have the undivided profit, the financial condition indices were the highest: overall liquidity coefficient was 1,564, financial independence coefficient was 0,669, and Al'tman model constituted 1,681.

The reserve capital, in that methodological ensuring in which it is formed today, doesn't perform its direct role for which it has been created, that is losses reimbursement and debts repayment. In order to make the reserve capital to perform its aim it is necessary to connect its formation with certain assets reservation (for example, monetary fund to be placed on a separate bank account), which can be spend on debts repayment. It is also necessary to make some changes in the methodology of reserve capital accounting. It is worth to underline that the reserve capital cannot be spend on debts repayment and overcoming the insolvency which has been caused by inefficient actions of the enterprise management but not by the unprofitable production.

In the first place, the search of internal factors for improving financial condition in the process of financial reorganization depends on those factors which have caused its deterioration. That is why searching internal sources for financial reorganization must be conducted taking into an account the factors that caused the enterprise insolvency. If the insolvency is conditioned by the presence of a bank credit, as in the case with the PAP "Verbiv's'ke" and this credit makes some difficulties for the enterprise, the financial reorganization measures must be as follows: credit prolongation (restructuring), transferring the part of short-term credit to long-term one and change of credit prepayment schedule. In the case when the enterprise insolvency is caused by the considerable debts volume to the suppliers and creditors for the goods, labour and services, the inherent measures to improve a financial condition in such situation is the agreement about the deferral of debt repayment till the time of the enterprise production realization.

One more source of a financial reorganization is a reverse leasing. A reverse leasing is a form operation of a physical or juridical person that foresees the sale of a financial organization (a leasing company) capital assets and simultaneous reverse receipt of these capital funds by this physical or juridical person into operative or financial leasing [6]. The reverse receipt allows the enterprise to concentrate a considerable sum of funds at its disposal, the part of these funds can be spend on debts repayment and the other part should be invested into the production to gain a profit.

The kind of leasing that can satisfy lease-holding enterprises as well as leasing companies is buy back. Under this kind of leasing a lease holder supplies a lessor with a part of production that was manufactured with the lease equipment. Substitution of lease payments in a monetary form by the finished products is very attractive within the cross-border lease for the producers that have no personal currency resources to be paid to a foreign lessor or to buy equipment from a producer foreign firm. By the way, Ukrainian Leasing Legislation allows such form of payment [6].

Saving the resources and strengthening the supervision of their expenditure are very important for putting in order the activity and achieving profitability. At this stage of the enterprise financial reorganization an indispensable condition for this purpose must be the introduction of economizing treatment, using of cost accounting, and conducting of resource saving policy. Successful realization of these tasks is reflected in production prime cost. To retrace the prime cost influence on the financial condition of 50 selected agricultural enterprises in Chernigiv region there has been done the grouping of these enterprises according to the aggregate prime cost index of the main agricultural crops in 2011 in comparison with the regional average mean value (table 4).

4. Interrelation between the aggregate prime cost index of the main agricultural crops and the enterprises of Chernigiv region financial conditions in 2011

Indices	Groups of the enterprises according to the index of the main agricultural crops prime cost			On average in total
	up to 0,850	0,851 – 1,100	over 1,101	
Number of the enterprises in a group	16	18	16	50
Prime cost index in a group	0,748	1,011	1,327	1,000
Overall liquidity coefficient	2,410	1,209	1,078	1,205
Financial independence coefficient	0,568	0,490	0,389	0,424
Assets turnover coefficient	0,742	0,557	0,343	0,536
Own investments profitability, %	34,6	19,2	-13,1	9,7
Al'tman model	2,027	1,491	0,699	1,247
Saifullin and Kadykov model	1,555	0,786	0,328	0,567
Tereshchenko model	1,978	1,409	0,491	1,147
Summarizing evaluation of a financial condition	6,567	3,664	0,425	2,723
Specific weight of the enterprises with an unstable financial condition in a group	14,3	18,8	37,1	x

Note:*50 agricultural enterprises of Bahmats'kyj, Mens'kyj, Novgorod-Sivers'kyj, Talalaivs'kyj and Shchors'kyj districts in Chernigiv region are included to the calculation

The source: calculated by the author

In a group of the enterprises which have the prime cost index up to 0,850, the highest value of overall liquidity coefficient is 2,41. It is higher if to compare it with the value of financial independence coefficient (0,568) and the coefficient of assets turnover (0,742). According to the evaluation of discriminate models, the enterprises of this group belong to financial stable ones. Specific weight of the incapable enterprises in a given group constituted 14,3 %. As far as the prime cost index is rising, the financial condition of the researched enterprises is decreasing. In a group of the enterprises which have the prime cost index over 1,101, the overall liquidity coefficient in 2011 was at the level of 1, 078 and the financial independence coefficient constituted only 0,389. The specific weight of incapable enterprises in a given group is the highest and constitutes 37,1 %.

The prime cost increasing leads to the enterprise financial condition deterioration, that is why while conducting financial reorganization, especially till the time of the proceedings beginning as in the case of bankruptcy, the efforts of the enterprise management and the reorganizers must be aimed at expenditure decreasing by means of the economizing treatment introduction, cost accounting and other resources saving measures.

In the case of all internal reserves of the enterprise financial recovery depletion, the necessary measure for its reorganization is the attracting of strategic investors. As a rule, it is accompanied by an owner replacement and is the most drastic measure of solvency renewing. Under the circumstances of strategic crisis search of investors becomes the only source of the enterprise financial resources.

The conclusions. The research of internal sources of financial reorganization showed that the increase of proceeds of the goods sale and realization of finished products carry-over don't always guarantee a stable financial condition to the enterprise. The reserve capital, under the existing methodology of its accounting, doesn't perform the function of debts repayment and financial condition improvement. In this connection we propose to link the reserve capital creation with formation of the corresponding volume of the enterprise assets to cover losses. The research of the main agricultural crops prime cost index showed that the enterprises which conduct the policy of resource saving and economizing have better indices of financial condition. Thus, in the process of searching the resources of financial reorganization it is necessary to take into an account the peculiarities mentioned above. It is necessary to attract actively the enterprise creditors, that, from one side will allow to solve a debts problem and from the other side, will give an opportunity

to renew a stable financial condition by means of financial reorganization carrying out.

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Олейник А.В., Руденко Е.М. Внутренние и внешние источники финансирования санации сельскохозяйственных предприятий. В статье рассмотрены внутренние и внешние источники финансирования санации сельскохозяйственных предприятий, такие как оптимизация денежных потоков, увеличение выручки от реализации продукции, инкассация дебиторской задолженности, использование резервного капитала для погашения долгов. Проведен анализ влияния себестоимости на финансовое состояние предприятия.

Олійник О.В., Руденко Є.М. Внутрішні і зовнішні джерела фінансування санації сільськогосподарських підприємств. У статті розглянуті внутрішні і зовнішні джерела фінансування санації сільськогосподарських підприємств, такі як оптимізація грошових потоків, збільшення виручки від реалізації продукції, інкасація дебіторської заборгованості, використання резервного капіталу для погашення боргів. Проведений аналіз впливу собівартості на фінансовий стан підприємства.