

FINANCIAL AND ECONOMIC SECURITY STRATEGY OF UKRAINE: THREATS, TRENDS AND PERSPECTIVES

Monograph

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The research is aimed at substantiating new approaches to the formation of the system of economic security and its components, in particular the financial component, in order to ensure the integrity of the system from the point of view of the possibility of effective functioning in new economic conditions, characterized by changes in the forms of interaction of industry with the banking system, the tax system; changes in the state policy, which complicate the mechanism of interaction with business structures. It is proved that the financial security of an enterprise is central to the system of economic security, which is explained by the following: the level of financial security of any enterprise determines its ability to provide other components of its economic security, and changes in any field of the enterprise are ultimately reflected in its financial security.

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INTRODUCTION

The development of global integration processes necessitates the formation of an effective national security system, an important component of which is food. The decisive role in providing the population with food belongs to national agricultural producers. At the same time, the agricultural sector of our country is one of the key in ensuring the revenue side of state and local budgets, in addition, being largely export-oriented, it is one of the main suppliers of foreign exchange earnings to the country. In addition, the agricultural sector of the country employs more than 10% of employees. That is why the financial security of this sector is extremely important for economic growth not only at the level of this activity, but also at the macroeconomic level as a whole.

Improving the financial condition of enterprises makes it possible to attract funds from investors, who, with the stable growth of companies, are increasingly considering agribusiness as an opportunity for successful investment and high profits. However, the agricultural sector is high risk, as not all investors are willing to wait for a long production cycle and sales period, especially given the fact that in some cases the cycle does not exist within the "spring-autumn" and "spring-late winter", so if there is no need for quick sales and there is the necessary infrastructure for storage, then entrepreneurs are waiting for higher prices.

Financial security as an economic category can be considered as a set of methods, sources and objects in the form of financial instruments. In our opinion, the main methods used to finance the activities of economic entities, including in the agricultural sector are self-financing, which is most common among domestic enterprises, budget financing, which involves the use of various instruments, and market financing - in the form bank lending, financial leasing, raising capital through the issuance of securities, etc. Financial support of the agricultural sector has its own characteristics, which are determined by the length of the production cycle, lack of own financial resources, high cost of borrowing, imperfection and imbalance of financial support from the state.

The problem of forming sufficient financial security for agricultural enterprises is due primarily to the significant risks that accompany production processes, as mentioned above. Thus, banks and other financial institutions perceive the agricultural sector as highly profitable, but with many risks, such as climatic conditions, biological threats or long production cycles. Lack of necessary investment causes a shortage of funds for the development (activation) of the completed cycle of production (production, processing, sales).

Given the shortage of own financial resources, the credit mechanism is an essential lever for the formation of working capital and ensuring the continuity of the production process of agricultural enterprises. The

development of banking products should be aimed at improving the efficiency of agricultural production and take into account its specifics. At the same time, the intensification of investment lending to agricultural enterprises requires state support, as banks are reluctant to lend to such activities due to high risks. Unsatisfactory condition of machinery and equipment of many agricultural enterprises necessitates the development of leasing relations in this area. In the developed world, the leasing mechanism is an important stimulus for the modernization of agricultural production. In Ukraine, leasing is one of the most affordable tools for ensuring the sustainable development of agricultural enterprises.

An important component of achieving the financial goals of an agricultural enterprise is its investment policy. With this in mind, the long-term plan of economic development of the entity may include an analysis of the needs of resource provision of production activities, the feasibility of investing and the choice of assets for investment. If you plan to use bank loans for investment activities, it is necessary to calculate the effectiveness of investments.

SECTION 1.

MANAGEMENT OF THE NATIONAL ECONOMY AND THE ECONOMY OF ENTERPRISES

1.1. MANAGING THE DEVELOPMENT OF ENTERPRISES IN THE POST-WAR PERIOD UNDER CONDITIONS OF DYNAMIC INSTABILITY

The problem of managing the development of enterprises in the post-war period under conditions of dynamic instability is quite relevant both in theory and practice for domestic producers. Management of the development of domestic enterprises have always been inherent flaws of a systemic nature, in particular, the lack of adequate tools and methods for assessing the effectiveness of the trajectory and intensity of enterprise development in relation to external challenges, threats and risks, the impossibility of fully realising the potential opportunities for ensuring balanced development in the context of economic instability of all components of the enterprise, etc. In addition, domestic enterprises pay little attention to measures to modernise and expand their production. In this regard, it is a significant and urgent problem nowadays we consider the development of effective approaches to managing the development of enterprises in the post-war period under conditions of dynamic instability.

The most significant studies on the development of enterprises in crisis and post-crisis conditions are found in the works of such well-known scholars as B. Andrushkiv, N. Vasyutkina, N. Vashchenko, V. Haiets, N. Davydenko, V. Dergacheva, P. Drucker, M. Porter, H. Tarasova, O. Starynets, D. Stiglitz, S. Sudomyr and others. Based on their developments, we are convinced that today, enterprises have entered a new era of their development, which is defined as unstable, complex and ambiguous. For instance, in his important work, V. Haiets considers issues related to the global economic crisis and the weak

positions of economic and management science in addressing problems and solving new challenges and forms a palette of proposals for directions of reforms, building institutions and developing economic policy in the domestic space¹. The key factors that generate obstacles and complications for the balanced development of the enterprise, most scientists believe that the complexity of the economic cycle and chains: "production - consumption"²: At the same time, Y. Lysenko and A. Sadekov claim that „most modern concepts of ensuring development have a declarative and prescriptive character and set strategic objectives mainly at the macroeconomic level”³.

In other words, we come to the conclusion that the development of an enterprise in the post-war period under conditions of dynamic instability is a complex, comprehensive and multifaceted phenomenon.

And, the existing approaches to managing such development often do not take into account its qualitative characteristics and features due to the focus on formalising management procedures, which leads to the development of new approaches to effective management of enterprise development in the post-war period in conditions of dynamic instability by clearly defining strategic guidelines that will ensure the adaptation of the enterprise to new challenges, negative influences and threats of the external environment.

The political, cultural, social, economic and demographic transformations that will take place in the post-war period will be multi-vector and profound. It is necessary to realise that the war has not only changed and turned upside down the existence of our

¹ Геєць В. М. *Феномен нестабільності – виклик економічному розвитку*. Київ. ВД „Академперіодика” 2020. 456 с.

² Васюткіна Н. В. *Управління сталим розвитком підприємств: теоретико-методологічний аспект*. Київ. Ліра-К, 2015. 334 с.

³ Лисенко Ю., Садеков А. Екологічний підхід до управління підприємством: проблеми і перспективи. *Економіка України*. 2003. №5. С. 33– 40.

entire society, but it will also open up new horizons of opportunities for us, including the rapid transformation of the national economic space. Thus, before the war, almost half of our production was characterized by 3 or 4 technological modes and only a few percent by 5.

The post-war reconstruction of all industries will be carried out according to the parameters of the 5th, 6th and 7th modes, i.e. we will build a modern digital economy. And such a reconstruction will require creative, freedom-loving employees and a new paradigm for managing the development of the enterprise. And, the lack of financial resources, limited implementation of innovations can make this development process unbalanced and unrealised, which is aggravated by „the presence of morally obsolete technological equipment, deficiency of qualified personnel, lack of effective proactive methods of managing the development of the enterprise”⁴.

After February 24, Ukrainian businesses suffered significant, sometimes devastating losses. At the same time, we note that domestic enterprises quickly recovered from the shock of the outbreak of hostilities and began to resume their operations. We note that the domestic business has not only survived this time, but has also joined the ranks of new entrepreneurs. Curiously, in almost a year (from 02/24/2022 to 02/12/2023), more than 17 thousand new businesses and almost 179 thousand individual entrepreneurs were registered.

The growth in optimistic sentiment among businesses was spoiled only by kamikaze drone attacks on cities, destruction by missile strikes of infrastructure, especially energy facilities and power outages. The fundamental preconditions for economic resumption should be considered liberation from the occupation of

⁴ Тарасова Г.О. Теоретичні засади управління розвитком підприємства в умовах кризи. *Економіка і управління*. 2018. №2 (70), Київ. Європ. Універ. С. 39-44.

the northern regions and adaptation of business to the new conditions, as well as the establishment of new logistics chains.

The significant successes of the Ukrainian Armed Forces in liberating Kharkiv region, especially Kherson, also gave us optimism. Predictably, the most common areas for new businesses in the wartime period are: computer programming (12%); online retail (e-commerce) and mobile food services (6.2%); freight motor vehicles (5%); growing grains, legumes and oilseeds (5.4%); and renting real estate (4.1%).

This choice was mainly influenced by two factors: the forecast for receiving currency income (IT, agriculture and timber exports) and consumer demand for basic necessities, which was supported by the stability of budget payments and subsidies.

Due to the mining of many arable lands, logistical problems, and unclear prospects for grain exports, domestic farmers reduced spring crops to 84% of last year's figures.

At the same time, it should be noted that since the beginning of the full-scale war of aggression, domestic banks have demonstrated their resilience to significant deformations in the economic space: two banks have left the market, two more Russian banks have undergone the procedure of liquidation under the leadership of the National Bank of Ukraine, and the remaining 67 banks continue to operate.

The NBU discount rate was set at 25%, and the yield on one-year hryvnia domestic government bonds rose to 19.5%. Average deposit rates in banks amounted to 12%. Since there is virtually no demand for loans, the banking system does not need to raise additional funds from households.

Amazingly, the National Bank of Ukraine's gold and foreign exchange reserves rose to \$28 billion, which is higher than the pre-war levels. Of course, this is a result of the substantial international assistance that has been the main factor behind the growth of the NBU's international reserves.

The official exchange rate is still fixed at 36.57 UAH/\$. At

the end of 2022, the hryvnia even strengthened in cash (from 40.55-40.7 UAH/\$ to 39.92-40.1 UAH/\$). At the same time, it should be noted that experts at the National Bank of Ukraine are still unable to determine when the country will return to a floating exchange rate.

Modern Ukrainian enterprises are in fact a reflection of the current stage of economic development, which accumulates and reflects the worldview, values, needs, guidelines, and cognitive progress of socio-economic relations in society.

In the pre-war period, we often witnessed scandals and crises at corporations in recent years, large and small enterprises, which were based on unbridled personal and corporate greed for profit, social inequality, unfair distribution of profits, and non-compliance with the rules of mutually beneficial partnership and cooperation.

A narrow circle of so-called state top managers appointed themselves super-high salaries and bonuses (which mostly did not correspond not only to the economic feasibility of the enterprise, but also to common sense), lobbied for the adoption of laws and regulations favorable to them, entered into corrupt relations or directly bribed state control bodies, flirted with various government agencies to optimise (and in fact minimise) tax payments, merged, united, entered into secret agreements to become monopolists and get higher and higher profits, disregarding the legitimate interests of labor collectives, employees, consumers, partners, territorial communities, the state, and society as a whole. In such realities, it was virtually impossible to ensure the sustainability, proportionality, and balance of the company's development.

In the post-war period, business conditions will change and a new type of socio-economic relations will be formed. As our soldiers who are sitting in the trenches under fire today, risking their lives, who have looked death in the eye, soldiers who have gone through the horrific torture of captivity, soldiers who have become disabled, volunteers, the population who have gone

through the horrors of temporary occupation, shelling of their homes, loss of children, relatives or friends in the post-war period will come to work. And they will not be able to work in an atmosphere infected with the all-too-familiar organizational diseases of bureaucracy and internal jealousies and struggles, when employees are under constant stress, working like hard labor, burning out from indifference at work, criticism, gossip, accusations, resentment and bitter apathy, when management puts on a „respectful smart face” while being completely unprofessional.

In recent years, first due to the imposition of a strict lockdown triggered by the COVID-19 pandemic, and then the imposition of martial law as a reaction to the full-scale invasion of the Russian Federation, the number of unprofitable and insolvent enterprises in Ukraine has been rapidly increasing, which has exacerbated existing economic problems: the state budget deficit (according to various estimates, hostilities have been and are ongoing on the territory, where up to 60% of GDP was created), bankruptcy of enterprises (about 30% of Ukrainian enterprises stopped working), increased inflation processes, outflow of labor resources (the number of refugees from Ukraine after February 24 amounted to 8.7 million people, and internal displacement - 11 million people, according to sociological services, more than 70% of adult Ukrainians left for European countries with their children, but at least two-thirds of all refugees plan to return), rapid price increases, a sharp decline in the population's ability to pay, high unemployment, etc.

In addition to the destruction, the problem was caused by the blocking of seaports through which exports were carried out, the fuel crisis (almost all domestic refineries and many oil depots were destroyed, supplies of oil products from Russia and Belarus stopped, and new logistics were created almost from scratch).

The unemployment rate has already exceeded 35% (although only 215 thousand people have officially registered their

unemployment status, which is even lower than during the corona crisis, i.e., it does not reflect the real situation in the country). At the same time, the number of vacancies has been gradually increasing since the spring of 2022, but remains much lower than before the war. Meanwhile, companies are opening vacancies with lower wages and massively reducing or not increasing staff remuneration. Accordingly, household incomes, both nominal and real, are declining.

The situation among forced internally displaced persons remains even worse than the national average. Only more than 34% of forced internally displaced persons work at enterprises, and 7% have their own businesses. Thus, the situation on the labor market can be characterised as tense.

Therefore, the revival of the national economy and the successful functioning of enterprises in the post-war period under conditions of dynamic instability are largely determined by the ability of the latter to quickly adapt to transformational deformations of the economic space and a change in the management paradigm.

Generally, the balanced development of an enterprise is considered to be a dynamic multi-level complex phenomenon in which a variety of closely related processes are interwoven, including: adaptation of the enterprise to environmental fluctuations, unmanaged or low-managed self-organisation and transformation of business processes and behavior of the entire economic system through targeted influence. Mostly, scientists insist on the need to maintain equilibrium and balance, but in dynamic instability of the environment, it is not enough for an enterprise to ensure the equilibrium of its functioning, so maintaining the economic system in an equilibrium balanced state requires an increase in the number of active management decisions and measures, which are implemented alongside adaptation. Under such conditions, new challenges or unfavorable risks, external influences and threats will be leveled not by inertial but by

proactive resistance. That is, efforts to ensure the effective development of enterprises in the post-war period under conditions of dynamic instability require adherence to a strategy for directing management actions to maintain an equilibrium balanced state by taking into account various environmental perturbations⁵.

When determining strategic guidelines for managing the development of enterprises in the post-war period under conditions of dynamic instability, it is advisable to rely on the postulates of the "catastrophe theory", the founder of which is considered to be W. Arnold. According to the provisions of this theory, the so-called catastrophes (or qualitative leaps, certain breakthroughs in the linearity of transformational changes in the state of the economic system) are considered to be a key factor in the processes of renewal, modernisation, and transformation. That is why ensuring the successful development of enterprises in the post-war period under conditions of dynamic instability does not necessarily require balance and sustainability of indicators without changes in the operating conditions, i.e. that additional development opportunities and competitive advantages will be generated.

The main difficulties and threats to the activities of enterprises in the post-war period in the context of dynamic instability (increased competition; turbulence in the service market; a gradual decline in the share of profits from traditional services; increased costs of implementing modern technologies, developing digital architecture and attracting new customers), personnel problems related to attracting competent personnel to military service, migration of female specialists abroad should be added; destruction and theft of premises and equipment by the enemy; destruction of energy and telecommunications infrastructure; large-scale mining of territories; the need to urgently restore or replace broadband coverage in the de-occupied

⁵ Ващенко Н. В. Обґрунтування концепції управління розвитком підприємства. *Академічний огляд*. 2014. № 1 (40). С.94-102; Геєць В. М. *Нестабільність та економічне зростання*. Київ: Ін-т екон. прогнозів. НАН України, 2000. 344 с.

territories, etc. The damage caused is already estimated at billions of dollars (according to some estimates, Ukraine's direct losses from the war are estimated at \$136 billion). N. Davydenko and S. Voitsekhivska support the right idea that "the need for deoffshorization of the economy to legalize it and ensure the financial security of the state is becoming an urgent problem today⁶.

In order to survive in these difficult times, enterprises are looking for and testing new strategies, technologies, tools, and management methods that include: harmonising organisational design, optimising business processes, increasing market share through mergers or acquisitions, improving the quality and expanding the range of products and services, entering global markets, improving information and communication management chains, etc.

Research materials and long-term practice convince us that the efficiency of the national economy is only one-third determined by investments in the material elements of production. The rest depends on creativity, human factors, intellectual potential, competencies, qualifications, abilities of managers and specialists.

Nowadays, the mainstream of world economic progress, its paradigm is considered to be the liberalisation and democratisation of all business combinations.

The intellectualisation of labor is growing like an avalanche, nowadays, any production processes are intertwined with the processing of information flows and the use of ICT and computers, which led to the transformation of traditional models of the standardised use of employees. Today, more and more often, enterprises use new flexible schemes for attracting employees: part-time, partial, temporary, multiple employments, outsourcing of employees, contracts with freelancers, etc. Against this backdrop, the formal contours of the enterprise are increasingly

⁶ Давиденко Н., Войцехівська С. Офшоризація економіки в контексті забезпечення фінансової безпеки України. *Підприємство та інновації*. 2022. № 1 (22), 67-72.

blurred, with significant volumes of production processes taking place outside its physical boundaries. Modern ICTs allow staff to work at an unlimited distance from the enterprise (at home, in an airplane, car, hotel, park, gym, cafe, etc.) and complete tasks quickly, make the necessary managerial decisions, which explains the unnecessary joint physical labor of staff in a particular office space. At the same time, we ensure constant reliable communication with management, partners, customers and government agencies. Thus, the traditional real physical enterprise located in the office is replaced by a new type of enterprise (virtual, digital, matrix, network, shell) which is spatially dispersed but connects the required number of jobs through various digital networks and communication chains. They are the ones that can effectively and quickly adapt to dynamic changes in the environment.

That is, the strategic guidelines of the modern paradigm of enterprise development management in the post-war period should include not only such traditional elements as power and authority, personal responsibility, economic coercion, motivation, but also such factors as creative participation of staff, team building, competencies, values, customer focus, innovation and idea management.

In practice, the new strategic guidelines for managing the development of enterprises should become a platform for their economic growth by increasing creativity, efficiency of communication chains, and competencies, partner interaction, confidentiality, solidarity, increased productivity, trust, security, balanced interests of all contact audiences, innovation, using digital tools and standardisation of business combinations.

1.2. DIGITAL CULTURE IN THE ECONOMY, ITS COMPETENCE IN THE AGRO-INDUSTRIAL COMPLEX

Role of organizational and economic culture factors in improving enterprise performance. The author analyzes their influence on the production personnel managers' performance as well as on the formation of the internal environment of the enterprise. The development of information technology, which has taken place over the past 50 years, has formed a fundamentally new world, in which the use of external information resources is a natural consequence of globalization. This is manifested primarily in the fact that devices that are connected to the Internet are used in all areas of human life. Computers and the Internet have made their way into all sectors of the economy and created the preconditions for the formation and development of the digital economy. The use of digital technologies in various sectors of the economy have significantly changed people's lifestyles, working conditions and doing business.

Organizational and economic culture is a prerequisite for effective enterprise performance. However, sometimes the management of Ukrainian enterprises does not pay enough attention to different aspects of organizational and economic culture, neglects the knowledge and experience of previous cultures and does not develop new traditions based on European experience.

Economic values are generally shared ideas about the goals of economic activities. They function in the form of an ideal, the basic principles of thinking and are ideal criteria assessing economic events, phenomena and processes.

Economic values have advantages over such concepts as wealth, money and income-generating means, and the relatively more abstract categories such as capitalism, socialism, individualism, economic liberty, equality, etc. Any society and any social group have their own hierarchy of values. For some

population groups, wealth is the highest value, for others it is a pure conscience. In some societies, private property is regarded as a condition for the realization of economic and social freedom, and in others as a social evil that generates social inequality and conflicts.

Unfortunately, to date, there are no definitions and interpretations of organizational and economic culture in the above-specified context. Organizational and economic culture, as a term, covers most of the phenomena not only of the material and non-material life of the organization including the material values and moral norms, the adopted code of conduct, traditions, rituals, dress code as well as the established standards of quality of ducts. Different manifestations of enterprise organizational culture and economic mechanisms are observed as soon as an individual steps across the threshold of the enterprise. Organizational and economic culture improves the works' adaptation to the decrements of economic reform and is reflected in a certain philosophy of the enterprise management, above all, top management, which is realized in a specific enterprise strategy. This, organizational and economic culture has a critical impact on the enterprise otioning.

Yes, organizational and economic culture has a critical impact on enterprise optioning. Digital culture implies the perfect use of electronic means, developed skills and abilities to work with 'the digital'. The definition of digital competence is based on a general understanding of competence and consists of relevant knowledge, skills, experience, values and attitudes that can be fully implemented in practice.

It is known that innovation activity is an activity which focuses on the search, development, and implementation of results of scientific research in a new or advanced product, service or process with their further dissemination to obtain profit. In order to achieve the objective of innovative activity it is necessary to search for new ways and opportunities, use more rationally available resources, and implement the latest achievements to meet the

diverse needs of consumers. Innovation activity consists of scientific, technological, organisational, financial and commercial activities, which together lead to the creation of innovation. The thesis regarding the importance of innovative activity in Ukraine today remains relevant as the intensification of such activity is an important factor in the further development of the country. According to the value of the global innovation index, Ukraine ranked 45th among 127 countries in 2020, which is a good result (in 2019 - 47, in 2018 - 43, in 2016 - 56, in 2014 - 63rd place).⁷ The most innovative countries in the world are Switzerland, Sweden, the United States, the Netherlands and the United Kingdom. According to the Global Startup Ranking in 2020, Ukraine entered the top 30 countries in the global startups ranking - StartupBlink, which evaluates the startup ecosystem among 100 countries and 1,000 cities, and ranked 29th in the ranking.⁸

Innovation policy in Ukraine is implemented in accordance with the Strategy for Sustainable Development "Ukraine-2020"⁸, which provides impetus and guidelines for its formation and creates the necessary conditions for the functioning of the implementing mechanism of such a policy. It determines, on the one hand, the attitude of the authorities to the existing innovation and scientific and technical problems, and on the other hand - the ability to ensure participation in their solution.

Assessing the situation in the innovation activity of the country, domestic scientists identify the following tendencies: concentration of innovation activity on large industrial enterprises; disparities in the innovative activity of enterprises and actually produced innovative product; reduction of technological activity of industrial enterprises; the progressive tendency of domestic industry to lose the technical and technological resource of modernization of serial production, etc. Therefore, there is a need

⁷ Global innovation index URL: <https://www.globalinnovationindex.org/analysis-indicator>

⁸ Global ranking of startups URL: <https://report.startupblink.com/>

to study trends in innovation, identify problems and outline areas for innovation.

The nature and role of organization culture as an economic category have been used by a number of Ukrainian scientists, among whom are B. M.Andrushkiv, P.V. livitska, V.S. loznitsa, J.I.Palekh and L.G.Chimich[1-3]. It's worthy that much more extensively organizational culture has been studied by foreign cars, in particular, by E.A.Chernykh, R.Kigan, D. Meyerson and others [1-10]. The impact of organizational and economic culture on the improvement of performance has been left out of researchers' attention.

Economic ideals can be defined as the general concepts of perfection in the sphere economic life that are produced by and present in economic consciousness. Therefore, are not fully achievable, although they represent a dream and a model which people For example, the modern mechanisms of a market economy in the Western world been developed by approaching the ideal. Today they are adopted as legal and economic norms that regulate the economic process agents' behaviours. Ideals reflect the practical economic experience of a particular society and undergo historical specification. Although the ideas of social equality, economic freedom and established values, the different social conditions, 'materialized form' and understanding of equality, freedom and justice have changed. It is necessary to gush between the real values of society and the ideals, which are formulated as digital constructs.

Economic norms are common patterns that regulate economic behaviour. They are behaviours expected in the economic sphere.

Economic norms exist in the economic sphere and serve certain economic friendships. Economic norms function at the formal legal superstructure level as state and regulation and as official legal documents [laws, instructions, orders] that the economic relations in the country. In order for these norms to be

not purely active, they should become everyday socio-economic practices, i.e. they should on successfully at the level of the economic process agents' behaviours. Therefore, it is important that the content of the state norms should be realistic and adequate to the conditions of their implementation, meet citizens' expectations and agree with their moral consciousness because economic norms that can not be followed undermine the very idea of the mandatory norm implementation.

Changes in the economic and other social spheres change the conditions of people's joint activities. Therefore, some economic norms cease to meet the needs of economic actors over time and become dysfunctional and inappropriate. Moreover, obsolete norms slow down the economic system development. Therefore, people will strive to change them in order to bring them into line with new living conditions.

Enterprise organizational and economic culture should ensure the enterprise's high profitability by maximizing the efficiency of management and improving the enterprise performance as a whole [4] by;

- improvement of human resources management;
 - formation of worker's attitudes towards the enterprise as a modern European industrial production [their second home];
 - development of workers' ability to rely in their work and personal life on the established behavior norms and to use conflict-free issue solving tactics;
 - use of new organizational and economic culture development mechanism.
- Organizational and economic culture is a competitive advantage of the enterprise since it is considered to be a generally accepted, consistent and integrated of values, approaches and definitions.

As J.Eldridge and A.Crombie state, organizational culture refers to the unique configuration of norms, values, beliefs ways of behaving and so on, that characterize the manner in which groups

and individuals combine to get things done[11]. This definitional of organizational culture is complemented by W.Ouchi, who believes that organization members about the established values and beliefs [10]

According to V.Katkov, organizational culture is a system of formal and informal rules and norms, customs, customs and traditions, individual and group interests and behaviours in a given organization, which may differ in behaviour styles, work satisfaction measures, levels of cooperation and the degrees of employee identification with the organization and its goals[3].

Although the proposed definitions of organizational culture cannot be disputed, one should take into account the fact that enterprise organizational culture is greatly influenced by the economic factors associated with the enterprise workers, top managers and the environment.

All this calls for the introduction of a new term. We suggest to understand enterprise organizational and economic culture as a system of social and economic factors that influence the enterprise development. Since organizational culture affects all the enterprise personnel from the institutional to the technical level of management, it is necessary to take into consideration its role in every worker's work and life[8];

- for the enterprise owner, it is a way of self-realization;
- for managers, it is an incentive for self-organization and a standard of the established order;
- for workers, it is working conditions.

The organization's culture reflects the values and norms of behavior that have been formed by the history of the organization's development. It is based on the national culture of the country and/or region where the enterprise is located. However, it should be noted that the content of organizational culture is strongly influenced by the values, principles, ideas and attitudes of the organization creators [6].

Economic habits and routines determine the choice of the most appropriate and fairly common means of group economic activity. The importance of habits in the formation of economic behaviour has been stressed by such eco-sociologists as T.Veblen, F.Knight, J.Kato and others. The emergence of habits and people's following the general rules of behaviour are both the result of a relatively passive and often unconscious imitation of others and the result of individuals' conscious free choice.

Social habits and routine behaviours can not be overestimated. For example. All economic activities are carried out in accordance with the traditional law, which enables economic agents to judge the viability of contracts and the probable consequences of actions. Traditional law is understood through daily monitoring of its functioning, rather than by a detailed analysis of different legislative acts Business itself is limited to informal customs and rules, which are recognized by everyone who does business and are regarded as an 'entry ticket' to the business community.

The lives and activities of business circles, to a great extent, depend on a network of contacts, which are often controlled by rules and routine formal and informal agreements. It is common knowledge that many labor markets are based on strict principles of conduct and contracting, which are largely shaped by social traditions and culture.

Economic culture plays an important role in the economic system functioning because it shapes the social base and a specific type of economy. It determines who and how will influence the image and behaviors of various socio-economic culture. In our opinion, these are: formation of social-economic consciousness and certain types of economic thinking and behavior; reflection and evaluation of various aspect of economic activity, identification of the most significant problems and goals and the development of appropriate economic programs; creation and accumulation of economic values and norms that regulate the

entire system of economic relations; development of economic laws and models that are the basis of people's economic consciousness and behaviors; accumulation of all social experience; values-based social economic integration; consolidation of economic ties and forms of communication; personal socialization and development through various economic activities.

There are enterprises in Ukraine that originated in the Soviet period and were shaped by the then ideas about effective management and organizational culture. However, over time these enterprises' organizational and economic culture has changed considerably which has brought about fundamental changes in the enterprise management structure and customer communications.

Economic culture manifests itself in people's economic relationships and reflects the most typical and repetitive elements of these relationships that facilitate the reproduction of their institutional and personal forms. Culture takes in and promotes certain rules- and norms-regulated economic interactions and methods of formation of individual and group consciousness and behaviors.

Another important aspect of organizational and economic culture is top management's attitudes towards it, which can be manifested in two ways: if culture does not contradict the objectives of the management, managers do not feel or notice it and are quite comfortable. However, if the principles of the organizational culture do not contribute to the development of the enterprise and the workers' goals contradict the goals of the management, such culture becomes a serious obstacle to the development and can cause the collapse of the enterprise.

Thus, enterprise management view organizational culture as a regulator of workers' behavior, which at best promotes the organizations's prosperity or at worst hinders and limits its development. The organizational culture, being the strongest work

motivator, encourages managers to look for the ways of enhancing its motivating capacity and weakening its demotivating effects.

Socio-economic changes and the development of a socially oriented economy in Ukraine necessitate the formation of youth market economic culture, which would improve young people's economic activities and allow assessing these activities in terms of social and moral values rather than economic expediency.

The transition of Ukraine to market relations contributes to the freedom of people, opens up new possibilities for the realization of their social, economic and spiritual needs as well as creates a basis for the growth of national wealth. This largely depends on the education system, because human culture is, to a great extent, a product of education and training.

Analysis of organizational and economic culture's properties, functions, elements, strengths and weaknesses allows enterprise managers to avoid making different mistakes, extra costs and worries. It is very important to know that any phenomenon in the organization is closely linked to its culture, and any smallest change in the organization will inevitably bring about positive or negative changes in the organizations's culture.

Enterprise workers who have been employed for a long time, usually do not notice the manifestations of culture and their co-workers' behaviors seem to them quite ordinary. Veteran workers can become aware of their enterprise organizational culture if they compare it with other enterprises as a consumer of new workers come to work [6].

Economic culture directs enterprise workers' activities and serves as a standard, because work objectives are closely linked with the organization's values. Economic culture also includes the permissible ways to achieve various goals, both personal and organizational. The relative stability of organizational culture characteristics maintains workers' sense of stability, which meets their need for safety as a basic human need. Too fast or dramatic changes in organizational culture, especially large-scale ones or

those that relate to the enterprise structure, may undermine the workers' sense of stability and cause anxiety for the professional future. If large changes take place in the external environment, organizational culture orients workers and serves as a kind of survival technology well as contributes to maintaining the organization's position on the agro-industrial complex [6].

In addition, organizational digital culture forms workers' positive attitudes towards work because achieving the goals of the enterprise contributes to the achievement of work own goals, facilitates satisfaction of their needs and is consistent with the structure of a worker's personality. Elements of organizational digital culture and the values and norms acquired by workers are internal motivating forces that encourage workers to be professionally efficient [6].

The leading role in the enterprise organizational digital culture is played by the external environment, which to some extent stimulates the development of information technology although, according to some people, it is not seen as quite active. The emergence of new market segments forces enterprises to shift the emphasis in their activities and requires use of new management, human resource and production methods, including personal training, refresher training and retraining and recruitment of workers of new specialities.

Obviously, organizational culture is closely connected with customers, supply and partners. Information about the goals and principles of the enterprise all organizational culture to be a stable image of the organization. This information can be purposefully formed by means of advertising, and public relations and is represented in form of external, material aspects of the organization's life. These include design, clothing logo, brand name and trade mark.

However, the external image of the enterprise must be consistent with its internal image. The purposeful formation of the

internal image of the organization is impossible with changes in or the development of organizational digital culture.

There are several functions that reflect the role-played by organizational and economic culture.

The values of organizational digital culture are those shared by the majority of works. Shared values bring together workers or team members. Compliance with organization's norms, customs, rituals and traditions as well as the knowledge of a specific language, the history and features of the organization makes workers feel affiliated work their enterprise, develops their commitment to the enterprise and integrates them into enterprise community.

Through the means of broadcasting used in a given digital culture, a new worker receives an idea about the rules, norms, behaviors, traditions and career development opportunities. In the way, organizational culture promotes new workers' adaptation to new work conditions and environment.

Orientation to the enterprise mission-stated values, goals and principles creates an algorithm, a technology of achieving the goals and sets a benchmark in the change environment, thus instilling in everyone associated with the enterprise the feeling of stability and reliability.

Economic digital culture, which plays a significantly role in enterprise performance, is formed by a number of factors, or (sub) cultures.

The working conditions culture describes the division of responsibilities in the organization. The interpersonal relations culture characterizes relations between co-workers, their cohesion and proneness to conflict. The workers culture stems from their spiritual culture, moral attitudes and beliefs, which form their worldviews, skills in using the acquired knowledge and the relationships with other people. The production organization digital culture focuses on specific projects implementation using the necessary resources and people in order to produce a

synergistic effect. The management culture is based on the central source of power, a key figure that directs all processes in the organization. This digital culture is 'responsible' for management activities and management functions.

Economic culture is a multidimensional phenomenon that consists of both rational and irrational components and contains, as its basic elements, economic values, norms, stereotypes, ideas, concepts, beliefs and traditions popular in a given society as well as people's attitudes and orientations towards the existing economic system, important rules of the game' and the principles of the relationship between individuals and economic institutions.

Economic digital culture: selects(eliminates, preserves, accumulates) the values and norms necessary for the survival and development of the economy; collects benchmarks for the appropriate economic behaviors and economic activities (e.g., preserves craftsmen's traditions of co-workers' mutual economic assistance, relations with the top management, attitudes to various instructions, orders, regulations, etc.); passes down from the past into the values and norms that are the basis of labor, consumption, distribution and other economists and relations; updates the values and norms that direct the development of the economy(it is the source of new normative ideas and behaviors).

Thus, the economic digital culture development mechanisms are constantly changing and improved under the influence of different environmental factors. Organizational culture of the enterprise allows finding out the drawbacks in the enterprise's work and identifying their causes followed by working out the ways of their eliminating in order to improve the enterprise's performance for its survival in a competitive environment.

Based on the analysis of Ukrainian legal documents as well as Ukrainian and feign scientific publications, the authors prove that the concepts of digital culture go beyond the technological or digital industry and are about a wide range of educational, cultural, socio-humanitarian and other aspects of life.

Digital cultura implies the perfect use of electronic means, developed skills and abilities to work with ‘the digital’. The definition of digital competence is based on a general understanding of competence and consists of relevant knowledge, skills, experience, values and attitudes that can be fully implemented in practice.

The Digital Agenda of Ukraine 2021 defines the principles of Ukraine’s development in the digital space and the fundamentals of a digital economy. It includes 10 areas to develop: public safety, health, e-governmentals, e-democracy, ecology, smart cities, e-payments, social sphere, e-customs, and e-commerce [15].

Digital technologies offer new opportunities for the improvement of the quality of quality of teaching, learning... If investment in people and staff’s digital skills brings individual and organizational benefits, such as quality education in flexible and innovative forms to meet people expectations and needs, better employment opportunities thanks to understanding of the principles of the digital economy, as well as greater organizations’ returns on investment in learning technologies.

The study of educational concepts of digital competence, digital culture, and digital intelligence are based on a number of European and Ukrainian government documents (“Recommendations of the European Parliament and the Council of Europe on the Formation of Key Competencies of Lifelong Learning” (2009), “Information Society Development Strategy in Ukraine” (2018), and the Law of Ukraine “On Higher Education” (2017), etc.).

The concept of digital culture was introduced into scientific use by T. O’Reilly in 2008 with the emergence of web 2.0 technology, the second generation of Internet services with a new approach to the Web-resources organization, implementation and support.

The Analytical Note of the Humanitarian Policy Department of the National Institute for Strategic Studies states that digital

culture is the basis for modern world culture, an integral part of all social processes, including educational; the phenomenon of digital culture is significant because it indicates that information and virtual socialization is the dominant form of socialization [13]. The document testifies to the radical changes in the understanding of culture itself, which takes new forms (cinematic and literary cyberpunk, video sculpture, digital installation, techno- and electronic music, virtual museum and theater, soft art, etc.) and demonstrates fundamental changes in human cognition and creativity.

In modern science (L.Baeva, O.Gook, V. Kryvosheev) there is a tendency to interpret digital culture as a technological phenomenon, because all objects of this culture operate using digital devices that use binary-coded information, which becomes this culture's system-forming factor (from the technological point of view). In this case, the concept of digital culture coincides with the definition of electronic culture (e-culture) as set results of people's IT –technologies-based creativity and communication and the formation of a single information space. Since all modern information and communication means (computers, analog and digital video cameras, mobile phones, photo-, video- and TV-cameras, players, and tablets, etc.) are electronic devices, electronic culture also includes the phenomena of computer-, multimedia-, and cyberculture as its varieties [3].

K. Litvinov in his DigitalBlog emphasizes other aspects of digital culture. He understands it as a system of rules of human behavior, which people follow when they use information and communication technologies[6]. Digital culture includes the following components:

- critical thinking the regarding the quantity and quality of perceived information; it includes search (choosing reliable information sources), interpretation (preferring facts to opinions), research (in-depth analysis of information to draw conclusions),

and evaluation (assessment of the information message from various aspects);

- digital literacy, i.e. the ability to use modern IT and software, especially in professional activities;
- IT volunteering, i.e. the use of ICT not only for their own needs, but also to improve the world around them;
- rational consumption of information;
- competent use of social media (social media literacy);
- network literacy, which implies knowledge of the basics of network security and net-etiquette standards;
- green use of information technology (“green IT”), participation in solving environmental problems caused by information progress [15].

Today, scientists believe that digital culture depends on different types of skills, such as:

skills of interacting with computers and other devices (hardware skills), which allow going online or creating digital artifacts;

agro-complex of interacting with software, universal complex of work with digital technologies (meta complex), in particular for designing and developing digital online or offline environment [6,14].

The concept of teacher digital culture in the scientific and methodological literature is used mainly as a synonym for digital literacy. Thus, V. Rebrina defines this phenomenon as a teacher’s ability to work with modern digital technology and modern information and communication technologies and distinguishes its following components: computer literacy, information literacy (information culture), multimedia literacy, and computer communication literacy [12].

The concept of digital competence compared to the above definitions of digital culture is much broader and more general. It includes skills in the information and communication (digital) environment as a leading feature of digital literacy, as well as new

practices of digital culture with relevant values and personal experience (a socio-cultural component).

Aspects of innovative digital culture and their effect on the economy of the country have been B. Twiss, J. Schumpeter. The works of S. Valdaytsev, L. Vodochek, P. Drucker, G. Mensh, F. Hayek and others are devoted to the formation of innovative strategies. Among the Ukrainian scientists who studied the problems of innovative development, we will single out O. Amosha, B. Burkinsky, J. Zhalilo, V. Zakhatchenko, S. Illyashenko, M. Krupka, O. Lapko, B. Malysky, Z. Poplawska, L. Fedulova, Z. Yurynets and others. Works of both foreign and Ukrainian scientists, including B. Martin, J. Irvine and P. Isard, V. Volikov, K. Savenko and others are devoted to the issue of funding and other governmental support. Works of O. Levkivskyi, A. Kozlov, T. Pisarenko, T. Kvasha, L. Rozhkova, O. Kovalenko and others are devoted to the analysis of the innovation activity of Ukraine within the framework of international ratings. However, the character of innovation processes is so dynamic that it is necessary to have information about their status for a specific period of time in order to provide an appropriate evaluation with a view to managerial decision-making.

Digital culture in agro-complexe performers of such work in 2021 amounted to 79.3 thousand people (including part-time employees and persons working under civil contracts), 64, 5% of which were researchers, 9.4% - technical engineers, 26.1% - support staff.¹³ In 2012, the share of R&D performers (researchers, technical engineers and support staff) of the total employed population was 0.60%, including researchers - 0.39%. In comparison, according to Eurostat in 2017, the highest share of researchers was concentrated in Slovakia (80.3%), Lithuania (78.9%), Hungary (70.1%) and Estonia (76.6%); the lowest share was in Romania (61.1%), Slovenia (61.1%) and the Czech Republic (55.5%) (Table 1.1).

The availability and use of computer equipment and its various software in the activity of organisations and industrial enterprises is important for the development of innovation. Nowadays, technologies, the main component of which is a

It is understandable that innovation requires significant investment. According to the State

At the same time, according to 2020 data, the share of R&D expenditures in the GDP of the 28 EU countries averaged 2.12%. Germany occupies a leading position 3.13%, Slovenia 1.95%. In the Czech Republic 1.93% and in Poland 1.21% (Table 1.2).

computer, is permeating almost all spheres of human activity. Regarding the status of these processes in the economic system of Ukraine, according to statistical observations in 2019, 87.9% of enterprises used computers in their work (while in 2018 95.2%), had access to the Internet - 86.4 % (in 2017- 93.2%)¹⁷. It is quite natural that the highest level of computerisation was shown by enterprises engaged in information and telecommunications - 89.2% (in 2019 - 98.2%). The lowest level of computerisation was observed in enterprises involved in temporary accommodation and catering - 77.2%, while in 2012 - 2019 it was the lowest in the field of administrative and support services.

There are growing trends in the number of enterprises that purchased goods or services via the Internet (20.1% in 2019, against 18.3% in 2015), in relation to the volume of sold products (goods, services) by their sale on websites or in applications (4.5% in 2019, compared to 2.9% in 2015). Obviously, such changes in trends can be explained by the impact of the pandemic.

¹⁵ Statistical Yearbook Ukraine in Figures, 2019 URL: <http://www.ukrstat.gov.ua>

¹⁶ Eurostat URL: <https://ec.europa.eu/eurostat/web/science-technology-innovation/data/database>.

¹⁷ Use of information and communication technologies at enterprises URL: <http://www.ukrstat.gov.ua>

Table 1.1

The share of researchers, technicians and support staff in the total number of employees involved in the implementation of R&D, (%)

	Researcher				Technical engineers				Support staff			
	2012	2017	2018	2019	2012	2017	2018	2019	2012	2017	2018	2019
EU 28 ²	64,0	65,3	...	64,9	...	...	...	...	...	...	...	...
Bulgaria	67,9	65,4	65,3	67,2	21,5	...	...	...	10,6	...	...	...
Estonia	74,4	72,6	74,1	76,6	17,8	17,0	18,0	16,0	7,9	10,4	7,9	7,4
Spain	62,2	63,3	64,0	63,8	23,9	24,1	24,0	24,3	13,9	12,5	12,1	11,9
Latvia	71,0	69,4	67,1	66,4	17,6	...	...	...	11,3	...	...	...
Lithuania	74,3	79,5	79,4	78,9	12,2	...	...	...	13,5	...	...	...
Germany	...	64,0	...	64,2	...	21,4	...	21,4	...	14,6	...	14,5
Poland	77,8	75,0	77,2	78,5	13,2	14,9	13,9	10,2	9,1	10,1	8,9	6,9
Romania	78,6	62,7	62,6	61,1	8,7	14,1	14,3	13,9	12,7	23,2	23,1	25,0
Slovakia	85,5	84,8	80,4	80,3	10,1	9,9	12,4	13,3	4,4	5,3	7,2	6,5
Slovenia	61,5	54,8	56,3	64,0	28,6	34,6	33,1	25,5	9,9	10,5	10,5	10,5
Hungary	66,1	68,3	71,2	70,1	17,3	18,3	16,7	17,6	16,6	13,4	12,1	12,3
Czech Republic	55,7	56,5	56,2	55,5	30,4	29,6	30,0	29,9	13,9	13,9	13,8	14,6
Ukraine	73,3	73,7	65,1	63,0	11,0	9,1	10,2	9,7	15,7	17,2	24,7	27,3

Source: compiled on the basis of ¹⁴

¹³ Science and innovation activity in Ukraine, 2019

¹⁴ Eurostat URL: <https://ec.europa.eu/eurostat/web/science-technology-innovation/data/database>

Table 1.2

The share of costs for R&D,%

	2012	2013	2014	2015	2016	2017	2018	2019	2020
EU 28 ²	1,92	1,96	2,00	2,01	2,02	2,03	2,04	2,08	2,12
Bulgaria	0,57	0,53	0,60	0,64	0,79	0,95	0,77	0,74	0,76
Estonia	1,57	2,28	2,11	1,71	1,42	1,46	1,25	1,28	1,40
Spain	1,36	1,33	1,30	1,28	1,24	1,22	1,19	1,21	1,24
Latvia	0,61	0,70	0,66	0,61	0,69	0,62	0,44	0,51	0,64
Lithuania	0,79	0,91	0,90	0,95	1,03	1,04	0,84	0,90	0,94
Germany	2,73	2,81	2,88	2,84	2,88	2,93	2,94	3,07	3,13
Poland	0,72	0,75	0,88	0,87	0,94	1,00	0,96	1,03	1,21
Romania	0,46	0,50	0,48	0,39	0,38	0,49	0,48	0,50	0,50
Slovakia	0,61	0,66	0,80	0,82	0,88	1,16	0,79	0,89	0,84
Slovenia	2,05	2,41	2,56	2,56	2,37	2,20	2,01	1,87	1,95
Hungary	1,14	1,19	1,26	1,39	1,35	1,35	1,19	1,33	1,53
Czech Republic	1,34	1,56	1,78	1,90	1,97	1,93	1,68	1,79	1,93
Ukraine	0,75	0,65	0,67	0,70	0,60	0,55	0,48	0,45	0,47

Source: ¹⁶

Table 1.3

Dynamics of the share of enterprises by type of economic digital activity that bought cloud computing in 2021

	Shared servers of service providers	Servers of service providers reserved exclusively for the enterprise
Processing industry	8,7	2,1
Supply of electricity, gas, steam and air conditioning	8,7	3,5
Water supply; sewerage, waste management	7,8	1,5
Construction	7,8	1,8
Wholesale and retail trade; repair of motor vehicles and motorcycles	10,3	2,6
Transport, warehousing, postal and courier activities	7,0	1,5
Temporary accommodation and catering	8,5	1,9
Information and telecommunications	15,3	4,5
Real estate transactions	5,9	1,3
Professional, scientific and technical activities	12,0	3,3
Activities in the field of administrative and support services	7,5	1,7
Repair of computers and communication equipment	10,5	7,5

Source:¹⁸

The largest number of enterprises that purchased cloud computing services from the general servers of service providers was involved in wholesale trade, information and

telecommunications and in professional, scientific and technical activity (Table 1.3).

Summarising the results of the presented analysis, we have a general tendency to preserve all the signs of a moderate innovation and technological process.

It should be noted that during the study period almost 40 strategic documents at the industry level related to the development of innovation in a particular area were approved in Ukraine. A successful positive example is the dynamic development of Kyiv, which is changing primarily due to innovation and technology. Here they began to introduce the latest technologies in a variety of areas, including city government. Kyiv became the first city in the country to successfully and

We concur with a scientists' thought that there is an urgent need to form a system innovative culture ^{23 24}, develop and implement a number of measures for reinforcing of its components:

- innovation infrastructure, national and regional innovation systems;
- quality of intangible assets (quality of management, human capital, process capital, competence and loyalty of human capital);
- level of innovative potential (level of perception of innovations, motivational and human potential development tools, initiative for development).

The following issues are also relevant: enhancing of the competence level of domestic economic elite, establishment of programmes and initiatives aimed at recognition of the need for economic development solely on innovative basis, development of values related to the importance of innovative development and a new behavior pattern, establishing social interaction, education of the population on innovation business culture, definition of the structure of relations in the innovative business environment, determination of the rules of conduct typical for innovative entrepreneurship, establishment of the responsibility of participants for the institutionalisation of innovation culture. For

this purpose the following experience of foreign countries should be used:

- to form a national program for the development of innovation culture ²⁵;

- to increase the significance of domestic media in the formation of innovative consciousness of society, contribute to the popularisation of science and its modern achievements, the values of creative and intellectual work;

- to develop educational and information programs which are focused on fostering the creation and implementation of innovations at all levels of social activity;

- to introduce special training programs for entrepreneurs in order to change thinking towards the need for business development on an innovative basis, to encourage the creation of innovative products and the use of innovative equipment, technology, etc. ;

- to form the managerial and legal culture of specialists, managers; to involve staff in the process of change and form a system of motivation for the result orientation, increase efficiency in the workplace;

- to raise the moral and ethical foundations of society, the level of education of citizens (economic, information, etc.), teams of employees of enterprises and institutions in order to be tolerant to the development of individual capabilities of each person ²⁶.

The change in the legal basis for digital competence standards published by UNESCO and adopted by the European standards for digital competences, the development of relevant standards in Ukraine, and enabling teachers to choose refresher courses allow determining new approaches to building individual ways of teachers' digital competence development in agro-complex.

Despite the great scope of scientific achievements, there is a need for further research and development of a road map of digitalization of education in Ukraine in order to form a digital

society whose members should have developed digital skills and higher education in new specialties. In addition, digital education should be institutionalized, i.e. it should follow certain standards, norms, and rules. This stage is quite time consuming and requires the involvement of a large number of leading scientists, researchers, and practitioners.

As a conclusion, it can be noted that digital education is an accelerator of socio-economic life, which can rapidly increase the country's GDP. However, in this process should not see halts and protraction. Pragmatism of organizational and institutional action together with social responsibility should be the basis for institutional support of digital competencies in the field of higher education.

Institutionalization of the modern economic order in the direction of digital competencies formation and development should consider different aspects of the evolution of today's social values. It should be based on quality education and use creative innovators.

²³ Andriychuk O. Ya. Innovative culture as an effective mechanism of functioning of the innovative system of the enterprise. Economics: problems of theory and practice: collection of studies. Dnipropetrovsk. 2008. Issue 237, Volume III. Pp. 559-567.

²⁴ Pushnykh V. A. Innovative corporate culture and competitive environment of the university. URL: <https://zakadry.tpu.ru/newspaper/article/view?Id=1223>

²⁵ Bykonya S. Innovative culture - a condition for the implementation of innovation policy [Electronic resource] // Staff. 2006. No 4. URL: <http://personal.in.ua/article.php?id=266>

²⁶ Problems of management of innovative development of enterprises in transition economy: monograph / [for general. ed. Doctor of Economics, Prof. S.M. Ilyashenko]. Sumy: "University Book", 2005. p. 582.

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1.3. DIRECTIONS FOR INCREASING THE EFFICIENCY OF STATE REGULATION OF FOREIGN ECONOMIC OPERATIONS WITH AGRICULTURAL PRODUCTS

The relevance of the study is due to the need to improve the regulation of foreign economic operations, changing market development conditions, and the transformation of foreign economic competition. The purpose of the paper was to determine directions for increasing the efficiency of the regulation of foreign economic operations with agricultural products based on a conceptual approach. Also, directions for improving the efficiency of the regulation of foreign economic operations with agricultural products through the applying the method of calculating the customs value of goods by the transaction value of similar and identical goods were determined. The methods of comparison and theoretical generalization, analysis and synthesis, historical and logical methods were used in the study. The regulation mechanism of foreign economic activity, which involves the application of the customs tariff regime within the framework of import operations is revealed in the paper. The main criteria that must be taken into account during customs tariff regulation of import of agricultural products are proposed, in particular, saturation of the domestic agricultural market and determination of the efficiency of foreign economic operations with the necessary goods. Based on these criteria, the necessary customs tools were developed. Using the customs tariff tools, the impact of import duty rates on import operations with agricultural products was analyzed, as a result of which an increase in the level of customs protection of domestic agricultural products was established, which indicates an imbalance between the regulatory and fiscal functions of the customs duty and emphasizes the ineffectiveness of the state policy of protectionism in the conditions of international integration. The practical significance of the conducted research can be used in the

formation of the mechanism of budget and tax regulation of the effective functioning of the agricultural sector of the economy, the current state of the regulation of foreign economic activity is assessed and the main directions of its optimization are proposed.

The regulation mechanism of foreign economic activity provides for the application of the customs tariff regime within the framework of foreign economic operations. The experience of the development of the world economy shows that foreign economic operations have complex and quite contradictory nature. The effective regulation of foreign economic operations is possible only with the complexity of economic levers that regulate the movement of goods at the domestic and foreign markets.

Distinct aspects of the implementation of foreign economic operations are revealed in the scientific publications of many financiers. In particular, export of agri-food products to the European Union (UN) countries is considered in studies by Ostashko (2016). The author emphasizes that exactly the state regulation of foreign economic activity should ensure the protection of Ukraine's economic interests and the legal interests of subjects of foreign economic activity. Gudz (2017) considers the accumulation of already existing sources of investment to be the most promising way and emphasizes the use of new ones to reproduce the most effective production and economic complexes in the country and the promotion of their goods in the international market.

Sytnyk (2019) emphasizes that the effective development of the system of foreign economic relations is a prerequisite for economic growth in Ukraine. Foreign trade activities make a positive contribution to the search for new ways of building effective foreign economic relations and development of export potential while ensuring reliable protection of its national interests. However, the author's attention is not sufficiently focused on the state regulation of foreign economic activity. Kolodiichuk (2020) believes that if the country has limited resources, then it is

necessary to direct them to the most promising sectors that contribute to the development of others, and the development of the agri-food trade sector is the priority direction in terms of foreign economic activity in Ukraine.

Scientists agree that the effective functioning of the economy in countries participating in European integration requires improving the regulation of foreign economic operations and their adaptation to European legislation. This will determine the level of the efficiency of the state regulation of foreign economic operations.

However, in their studies, the issue of enhancing the efficiency of the state regulation of foreign economic operations with agricultural products in the conditions of accession of Ukraine to the European integration environment and the World Trade Organization is insufficiently covered.

The theoretical foundations for understanding the economic essence of foreign economic operations are laid out in the papers of well-known foreign economists and other researchers. In particular, Smith (2001) concluded that countries should specialize in producing and exporting those goods in the manufacture of which they have an absolute advantage compared with other subjects of international economic cooperation. And every country should import those goods in the manufacture of which such advantages are absent. Ricardo (2000) discovered the law of comparative advantage, the economic essence of which lies in the fact that each country has a comparative advantage in the production of a certain commodity and receives income from trading it. However, these authors do not take into account the fact that regime choice in the foreign trade of a country depends on the policy of liberalization or protectionism.

Duginets (2019) and Baldzhy (2020) agree that state regulation of operations in terms of foreign economic activity is implemented through tariff and non-tariff regulation methods.

Distinct aspects of the functioning of customs regulation of foreign economic operations are disclosed in the studies of Ukrainian scientists. According to Hrebelnyk (1996), exactly the foreign trade policy provides for the implementation of a suitable mechanism for regulating foreign economic operations through generally recognized forms of the implementation. Burakovskiy (2004) examines integration processes through the removal of trade barriers by the EU countries and definition of general rules for foreign economic operations with third countries. He defined the creation of a common market with the EU as the main goal. Hubenko (2002) and Kvasha (2001) examine tariff methods from the point of view of the interests of the national economy at certain stages of its development. Scientists consider them the most effective in regulating foreign economic operations.

Also, the efficiency criteria of the mechanism for the state regulation of foreign economic operations through taxation are not sufficiently defined in the studies of the above-mentioned authors. Modern trends in the development of agricultural production and customs regulation of export and import operations in the conditions of integration of foreign economic activity require further research, which determined the relevance of the chosen research topic, the purpose and logic of the construction of the study.

The purpose of the paper was to determine directions for improving the regulation of foreign economic operations with agricultural products, including its adaptation to the processes of European integration.

In the course of the research, general scientific methods such as analysis and synthesis, methods of comparison and theoretical generalization, and historical and logical methods were used to perform the scientific analysis of the results of the Ukrainian and foreign studies mentioned in the introduction and formulate theoretical generalizations and conclusions.

The patterns of the development of foreign economic activity at the investigated stage were determined on the basis of analysis and synthesis. The method of comparison and theoretical generalization enable analysing the phenomena and processes of customs regulation and their relationship and interaction with other non-tariff regulation methods. The internal cause-and-effect and structural and functional direct and inverse relationships between all components of the state regulation of foreign economic activity were studied. The historical and logical methods were applied to systematize the obtained results and conclusions and to reveal the relationships between them. Economic and statistical (tabular) methods were used to perform an analytical assessment of the economic efficiency of foreign economic operations with agricultural products. Namely, it was determined that the proposed criteria for establishing or evaluating the already existing customs policy provide an opportunity to make the necessary changes in the regulation of foreign economic operations in order to effectively use the tools of customs tariff and non-tariff policy.

The methodological basis of the study is the dialectical method of cognition, the use of which made it possible to comprehensively investigate the issue of customs taxation of foreign economic operations with agricultural products. Customs tariff regulation turned out to be an extremely effective tool that affects pricing processes and is a part of the support mechanism for domestic producers.

During the research process, three levels of knowledge of economic laws were applied. At the first level, economic laws that are used in foreign economic activity were defined. Cause-and-effect relationships that exist in foreign economic activity were established. At the second level, based on the revealed relationships, a theoretical reflection of objective economic laws is formed and how they are applied in the state regulation of foreign economic activity. And at the third level, their practical use and consequences for foreign economic activity are determined. This

allowed defining a conceptual approach to assessing the efficiency of the regulation of foreign economic operations.

The information base of the study consists of theoretical and methodological developments of Ukrainian and foreign scientists, legislative and regulatory acts of Ukraine, proceedings of scientific and practical conferences, seminars, scientific publications of Ukrainian and other economists on the development of the agro-industrial complex of the state (The Customs Code of Ukraine, 2012; Ostashko, 2016; Gudz, 2017; Sytnyk, 2019; Kolodiichuk, 2020; Al-Tai, 2021).

The regulation of foreign economic activity involves the application of the customs tariff regime during the process of carrying out operations. The experience of the world economic development shows that the nature of foreign economic operations is complex and quite contradictory and their effective functioning is possible only with the complexity of economic levers that regulate the movement of goods at the domestic and foreign markets (Al-Tai, 2021).

The state customs policy is the most important factor influencing market formation and should be based on general principles of trade development between partner countries, which plays an important role in integration into world trade.

Taking into account this approach, it is possible to determine how economically profitable or unprofitable the production of a particular commodity will be and to evaluate the export-import operation not only at the enterprise level but also at the state level.

From the standpoint of the state, besides these factors, it is necessary to take into account the level of prices on the domestic and foreign markets, the conjuncture of the domestic and world markets, and the level of consumption of goods, because the level of export and import tariffs must respond quickly to these criteria, which determines the economic efficiency of customs tariffs.

Before the introduction of relevant restrictive customs tariffs or economic incentives for export and import operations of certain

types of goods, it is necessary to conduct in-depth analytical work on the relevant types of goods, including balances and forecasts of their demand and supply at least in the domestic market (Choi, 2019).

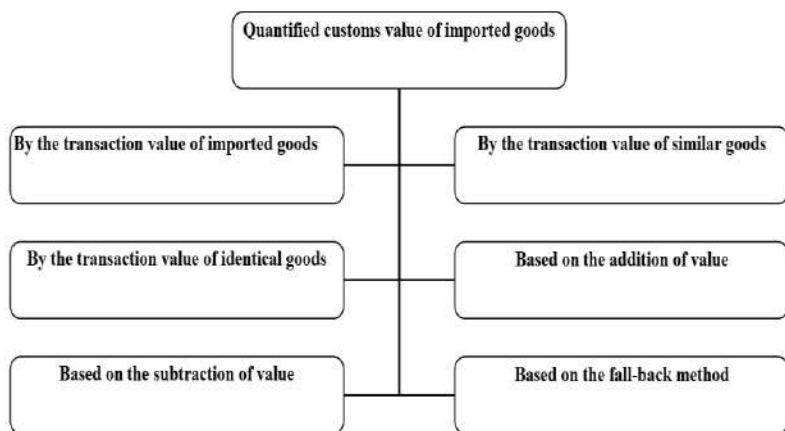


Fig. 1.1. Determination of the customs value of imported goods

Source: The Customs Code of Ukraine, 2012.

The customs value is the basis for setting any rate. The legal basis for determining the customs value is Article 51 of the Customs Code of Ukraine (2012). The presence of the conditions stipulated in this article, the methods for pricing goods, and price levels enable determining the customs value according to the following scheme in Fig. 1.1.

The main method is the method for determining the customs value of goods based on the price of the contract for imported goods (transaction value), that is, the price actually paid or payable for goods if they are sold for export to Ukraine.

The customs value of goods based on the addition of value (computed value) shall be determined based on the information on their value supplied by the producer consisting of the sum of the cost of materials and general expenses of the sale in Ukraine.

The customs value, which is determined based on the subtraction of value, is calculated by subtracting from the unit price of the goods the common markups made to gain profit, import duties, taxes and payments paid due to the customs clearance of the goods.

When applying the method of identical goods, the basis is the transaction value of the identical goods in compliance with the conditions. At the same time, the expression “identical goods” means goods that are the same as those being valued by all features (The Customs Code of Ukraine, 2012).

When applying the method of similar goods, the customs valuation is based on the transaction value of similar goods that are exported to Ukraine and the time of export which coincides with the time of export of goods being valued (Dzyubanovska, 2019).

If the customs value of the goods cannot be determined using consistent methods, then the customs value of the valued goods is determined using methods that do not contradict the laws of Ukraine and are similar to the provisions of the World Trade Organization.

The most effective method is to use the transaction value of identical and similar goods. By applying this, it is possible to increase or decrease the value of the goods, and, consequently, influence the rate level.

At the same time, their value is adjusted taking into account the specified differences between the commercial and quality levels of the goods. On the one hand, it is possible to regulate the level of customs protection and competitiveness of goods, and on the other hand, to be a fiscal tool. But there are some negative consequences of this method, which can lead to unfairly set indicators of the values of the goods, therefore, the information used in making adjustments must be documented.

Table 1.4

State regulation of foreign economic operations through the application of customs tariff and non-tariff tools

Price situation/conjunctionure of the domestic market	Glut of market (forecast of sufficient yield and balance distribution for grain consumption)		Lack of market (forecast of insufficient yield and balance distribution for grain consumption)		Market equilibrium
$W_p > D_p$	Decrease in imports, a slight increase in import duty rate, provided, however, that it does not impair trade	Increase in exports, decrease in quotas	Increase in imports, decrease in import duty rate	Decrease in exports, increase in quotas	Use of export duty and quotas to maintain equilibrium
	Formation of reserve purchases of grain in the domestic market and formation of satisfactory reserves	Increasing the distribution of the share of the balance on feed grains	Conducting public procurement	Increasing the distribution of the share of the balance on the food grains, the use of reserves	
$W_p < D_p$	Decrease in imports, introduction of import duties	Increase in exports, decrease in quotas	Increase in imports, decrease in import duty rate	Decrease in exports, increase in quotas	Applying import duty or introduction of quantitative import restrictions
	State purchase surplus of goods for the purpose of export	Export of grain processing by-products	Conducting public procurement	The use of methods that guarantee market saturation with the necessary goods	
$W_p = D_p$	Decrease in imports	Removal of surplus from the country, their export	Increase in imports, application of minimum import duty rates	Decrease in exports	State intervention in case of market imbalance

Note: the values of W_p (world prices) and D_p (domestic prices) show the change in the ratio of supply and demand in the market according to the market price.

Source: Berezovskyi, 2007.

More efficient functioning of import duty rates requires a reliable determination of the customs value of the goods.

It is necessary to focus on the fact that the impact of import duties on the economy depends on the level of economic development of any country.

When introducing import duties, the state receives revenue for the budget and protects national producers (Table 1.4).

According to data in Table 1.4, customs tariff regulation is a very effective tool that affects pricing processes and is a part of the support mechanism for domestic producers.

Based on the results of examining foreign economic operations with agricultural products, several criteria can be defined that will allow the state to quickly respond to changes in the situation in agricultural markets. They are the following: the yield forecasting, the balance on goods, the state of reserve funds, and the forecast of the necessary transitional stocks for the next marketing year to maintain food security and prevent excessive exports, the efficiency of production and foreign economic operations, and the necessary tools for customs tariff and non-tariff regulation of foreign economic operations. It is appropriate to propose the following criteria (Fig. 1.2).

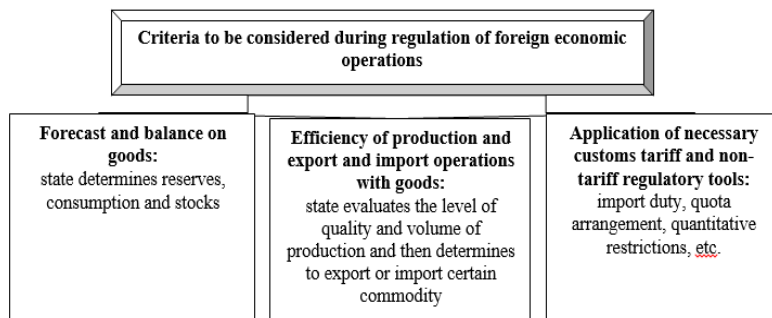


Fig. 1.2. Criteria for regulation of foreign economic operations

Source: Lemishko, 2019.

Yield forecasting and calculating food resource balances determine the potential export volume of agricultural products or the necessary import volume in order to protect goods in the market or achieve equilibrium.

The efficiency of foreign economic operations enables the exporter to evaluate a particular operation, which he is going to carry out.

The proposed criteria for establishing or evaluating the already existing customs policy provide an opportunity to make the necessary changes in the regulation of foreign economic operations in order to effectively use the tools of the customs tariff and non-tariff policy.

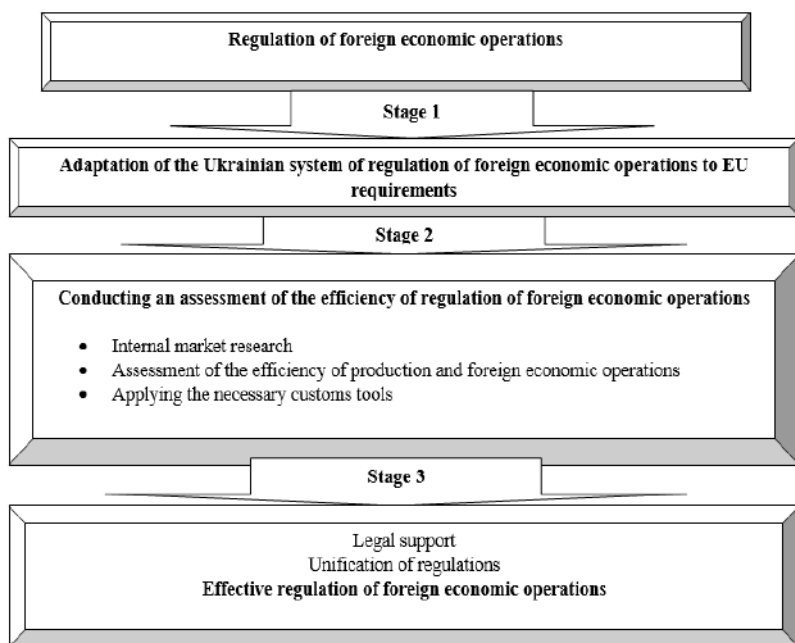


Fig. 1.3. Conceptual approach to assessing the efficiency of the regulation of foreign economic operations

Summarizing the presented material, we substantiate the conceptual approach to creating an effective regulatory system for foreign economic operations in the form of a model (Fig. 1.3).

At the first stage of the implementation of such an approach, it is necessary to bring the legislative framework into line with the norms of EU legislation, Ukraine is currently in the process of this.

At the second stage, the evaluation of the efficiency of foreign economic operations, considering the specified indicators, will allow us to predict how economically profitable or unprofitable a particular export and import operation will be. Determining the price level and the consumption forecasting will show the directions of saturation of individual agricultural markets (to focus on export or import), and which tax regulation tool should be used to influence these processes. And the conducted analysis will show the most attractive course that the country will choose for itself in trade (EU or Asian countries).

And at the third stage, depending on the chosen course, the country can form an effective policy, namely a trade regime depending on foreign economic activity, conclude trade agreements, using the accumulated world experience, etc., achieving legal support, unification of rules, and efficiency of the regulation of foreign economic operations.

The effective regulation of foreign economic operations is a complex process that requires changes in many related areas of the economy, starting from the legislative framework regulating foreign economic activity and ending with operational work in this direction (Lemishko, 2021). Besides, this effective regulation should be carried out taking into account the norms and principles of the international multilateral trade system of the World Trade Organization, the rules of EU legislation, and the peculiarities of the national economy (Shevchenko, 2022).

Many economists came to understand and reveal the economic essence of foreign economic operations, in particular, Ricardo (2000), Smith (2001), and Duginets (2019). They support

the liberalization of the state foreign trade policy, which consisted in lowering the tariff rates of import and export duties, and providing benefits for goods imported from other countries. As is well known, they were also the founders of free trade.

Studies on the issues of taxation of foreign economic operations are discussed in the papers of a foreign economist (Al-Tai, 2021). However, insufficient attention was paid to the determination of the efficiency of the state regulation of foreign economic operations.

Distinct aspects of the regulation of foreign economic operations are revealed by Stasyshyn (2020) and others. In their studies, attention was paid to the system of price regulation of the development of the agricultural sector, the issue of taxation of agricultural commodity producers, and the formation of credit and financial policy in the conditions of agrarian reform. However, the issue of regulation of foreign economic operations with agricultural products in the conditions of accession of Ukraine to the European integration environment is not sufficiently covered.

Also, according to Dzyubanovska (2019), the criteria for the efficiency of the taxation mechanism of foreign economic operations are not sufficiently defined. Modern trends in the development of agricultural production and the regulation of export and import operations in the context of the integration of foreign economic activity require further research.

In general, the implementation of foreign economic operations is aimed at achieving by the economy of the country certain advantages in the world market and at the same time – protection of the domestic market from the competition of foreign goods. Choi (2019) states that this can be achieved by stimulating exports and limiting the import of goods,

Tariff methods of the regulation of foreign economic operations occupy one of the central places in the system of the state regulation of foreign economic activity. Baldzhy (2020) mentioned this in her studies.

Many scientists consider tariff methods from the point of view of the interests of the national economy at certain stages of its development. Scientists consider them the most effective in regulating foreign economic operations. Burakovskiy (2004) and Hrebelnyk (1996) discussed this issue.

The essence of unilateral regulation of foreign economic operations is revealed in the papers of scientists such as Hubenko (2002), Kvasha (2001), and others.

Therefore, based on the results of these examined literature sources, it is impossible to conclude about the generalization of the functional structure of the regulation of foreign economic operations.

Most theorists confirm the opinion that economic methods of the regulation of foreign economic operations are based on the use of economic tools of foreign trade policy, namely, taxes on foreign economic operations – customs duties, excise duties, and value-added tax (Dubyk, 2020).

Little attention was paid to the issue of the customs value of goods during foreign economic operations. Therefore, taking into account the above-mentioned analyzed works of many academic economists, the issue of the functional system of the state regulation of foreign economic operations is investigated in the paper. Namely, a comprehensive approach to determining the efficiency of the mechanism of the state regulation of foreign economic operations with agricultural products in the condition of integration of foreign economic activity is revealed by the chosen research issue.

The regulation of foreign economic operations is implemented through tariff and non-tariff methods and is based on the use of tax mechanism tools, in particular, customs duties, excise taxes, and value-added tax.

The directions for improving the efficiency of regulation of foreign economic operations due to the method of determining the

customs value of goods based on the transaction value of similar and identical goods were determined.

The implementation of the proposed mechanism for regulating foreign economic operations with agricultural products, based on the criteria of saturation of the domestic market, determining the efficiency of foreign economic operations with the specified goods, and using the developed customs tools will contribute to enhancing the level of economic efficiency of foreign economic operations and their regulation.

Before the introduction of relevant restrictive customs tariffs or economic incentives for export and import operations of certain types of goods, it is necessary to conduct in-depth analytical work on the relevant types of goods, including balances and forecasts of their demand and supply, at least in the domestic market.

By applying a conceptual approach to the regulation of foreign economic operations, the country can form an effective customs policy, namely a trade regime depending on foreign economic activity, conclude trade agreements, etc.

The main result consists in determining directions for improving the state regulation of foreign economic operations with agricultural products.

The proposed practical recommendations can be used in the work of enterprises engaged in foreign economic activity with agricultural products.

Defining the approach to the regulation of foreign economic operations, the state determines the direction of development, as well as the strategy and tactics of achieving the set goal due to foreign economic operations, which makes it possible to lay a solid foundation for further research on the most difficult issues regarding their state regulation.

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SECTION 2. FINANCE, BANKING AND INSURANCE

2.1. FINANCIAL STRATEGY AND METHODS OF ITS FORMATION AT TD "KYIVHLIB" LLC

In the modern conditions of the functioning of enterprises, the formation and development of an effective financial strategy are extremely important aspects of ensuring sustainable economic growth in the long term. As of today, scientists pay a lot of attention to financial strategy, but there is no clear definition of this concept, questions about its place and role in the activities of enterprises remain debatable. Some scientists consider the financial strategy an important component in the development of the general strategy of the enterprise's development, others consider this concept as one of the main functions of financial management.

In economics, there is no single approach to determining the financial strategy of an enterprise.

So, for example, I.A. Lisovska understands financial strategy as a system of long-term decisions regarding the attraction and use of financial resources, ensuring financial security, including the tax aspect, building an effective system of managing financial activities.⁹

V.V. Bocharov emphasizes the relationship between financial policy and financial strategy and defines the latter as a long-term course of financial policy, calculated for the future and involves solving large-scale tasks of enterprise development.¹⁰ In my heart I. A. Blank gives a greater degree of recognition of the financial strategy, seeing the main elements: financial strategy is one of the most important types of functional business strategy, which ensures all the main direct development of yoga financial activities and financial assets in the form of long-term financial goals, the choice of the most effective ways of reaching them,

⁹ Lysovskaya I.A. The company's financial strategy: the path to financial success and stability. Initiatives of the XXI century. 2009. No. 3. P. 26-30. URL: <http://www.ini21.ru/arhiv/3-09/324.php>.

¹⁰ Bocharov V.V. Financial Analysis: A Short Course. St. Petersburg: Piter, 2007. 240 p.

adequate direct shaping and winning of financial resources for changing the minds of the outer world.¹¹

In our opinion, a comprehensive approach should be used, since the financial strategy, on the one hand, correlates with the general strategy of the company's development, and on the other hand, it is the main function of financial management, since it involves the determination of specific financial goals and objectives, and substantiates the strategic orientations of the company's financial activities. We agree with the opinion of the scientist Blank I.O., who believes that the financial strategy is one of the most important types of the functional strategy of the enterprise, which provides all the main areas of development of its financial activities and financial relations by forming long-term financial goals, choosing the most effective ways to achieve them, adequate adjustment of the directions of formation and use of financial resources when the conditions of the external environment change.

Let's consider in more detail the types of strategies that are formed at enterprises.

The corporate strategy occupies the highest level in the hierarchy, determines the general direction of the enterprise, covers all areas of its activity, outlines the general direction of development: the strategy of growth, stabilization or reduction.

Business strategies are subordinated to corporate ones, focused on managing successful activities in one of the business areas. Their goal is to achieve long-term business advantages, determine ways to achieve the chosen direction and gain strong long-term competitive advantages.

Functional strategies are developed for each functional area of activity - strategies: production, marketing, financial, scientific research, personnel management, etc. Functional strategies specify and bring corporate and business strategies to the functional

¹¹ Blank I. O. Financial strategy of the enterprise: monograph; in general of science ed. I. O. Blanka. Kyiv. national trade and economy University, 2009. 147 p.

services of the enterprise. At the same time, functional divisions have a noticeable influence on the formation of corporate and business strategies.

Operational strategies determine the principles of management of the organizational structure. These are narrow strategies developed for the main structural units of the enterprise regarding methods of solving strategically important tasks.

Each level of the basic strategy pyramid forms a strategic area for the next level: the strategic plan of the lower level of the hierarchy is superimposed on the constraints of the strategies of the higher levels.

The financial functional strategy is developed in the form of a development financing program and specified in the financial plan (budget) of the organization, taking into account the necessary changes in the structure of capital and funds to achieve the developed growth strategies and increase the competitive advantages of the enterprise.¹²

The general financial strategy is the financial strategy that determines the activity of the enterprise. For example, relations with budgets of all levels, generation and use of the company's income, needs for financial resources and sources of their formation for the year. A financial strategy as a functional one also involves defining relations with financial, insurance, credit organizations, shareholders, and the financial market as a whole; with individual departments and officials within the organization. Current budgets are a tool for implementing financial strategies.

We believe that the development of a financial strategy should be guided by both the general rules of systemic and situational approaches, as well as the principles that ensure the most rational and rapid achievement of the set strategic goals. Thus, for the implementation of managerial activity methods, such principles as scientificity, functional specialization, consistency,

¹² Hryniuk O. S., Kryzhnia V. O. Financial strategy of the enterprise as the main tool of its sustainable development. *Economy and society*. 2018. No. 18. P. 581-587.

continuity, control and coordination of activities, ensuring the unity of rights and responsibilities in each of its links, maximum involvement of executors in the process of decision-making are proposed.¹³

The importance of the prospect of managing financial activities on the basis of scientific statements, adaptation to the generally accepted perspectives of the enterprise's development and the changing factors of the external environment is continuously growing among most enterprises. The financial strategy becomes an effective tool for further managing the functioning of the company's finances, related to the implementation of its development plans during the period of established changes in various indicators, the regulatory structure of state market processes and the financial market situation.¹⁴

Financial strategy aims at the process of generation and application of financial resources in order to implement the basic strategy of the enterprise. It allows economic divisions of the enterprise to create and change financial resources and to determine their optimal use to achieve the objectives of existence and improvement of the enterprise.

As noted by M. I. Kolosinska and O. O. Semenko, and we agree with their statement: "one of the key problems of enterprises operating in modern markets is the problem of survival, adaptation to the changing conditions of the external environment, financial crisis, adjustment of tax legislation, unstable political situation in the country, changes in tariffs for export-import operations, sharp fluctuations in the exchange rate, etc., as well as the problem of ensuring continuous development. An effective solution to these problems is possible through the creation and implementation of

¹³ Radova L.D., Cherep A.V. Financial strategy in the enterprise management system. State and regions. 2010. No. 2. P. 130-135.

¹⁴ Skrypnyk Halyna, Siranchuk Rosyna. Formation of the financial strategy of the enterprise. Ukraine, Bulgaria, EU: Economic and Social Development Trends: materials VI International Scientific and Practical Conference (Burgas, Bulgaria, 26 August 2022) Burgas: Avangard Prima, 2022. P. 170-172

competitive advantages of the enterprise, and this, in turn, is carried out on the basis of a well-founded financial strategy of the enterprise. That is why, in order to ensure the continuous development of the enterprise, a necessary condition is the development of a sound financial strategy that would take into account the influence of external and internal factors and would be able to prevent crisis phenomena at the enterprise. The need to develop the company's financial strategy is due to the fact that financial resources are the source of the formation of all other types of resources (investment, material, labor, etc.), which can limit the scope of the company's activities"¹⁵.

In turn, Barinov V.A., Kharchenko V.L. draw attention to the fact that: "the financial strategy of the enterprise is developed in the form of a development financing program and specified in the financial plan of the enterprise taking into account the necessary changes in the structure of capital and funds to achieve the developed growth strategies and increase the competitive advantages of the enterprise".¹⁶

A large number of scientists were involved in the generalization of approaches regarding the key stages of creating a company's financial strategy. We consider it necessary to consider, in our opinion, the most relevant approaches.

N. Tanklevska proposed to single out such key stages of the formation of the company's financial strategy, which are indicated in Figure 2.1.¹⁷

¹⁵ Kolosinska M. I., Semenko O. O. Methodical approach to building the financial strategy of the enterprise. Efficient economy. 2019. N 9. URL: <http://www.economy.nayka.com.ua/?op=1&z=7279>

¹⁶ Barinov V.A., Kharchenko V.L. Strategic management. M.: INFRA-M. 2006. 237 p.

¹⁷ Tanklevska N. Financial policy of sustainable development of agricultural enterprises of Ukraine: theory, methodology, practice: monograph. Kherson: Ailant, 2010. 376 p.

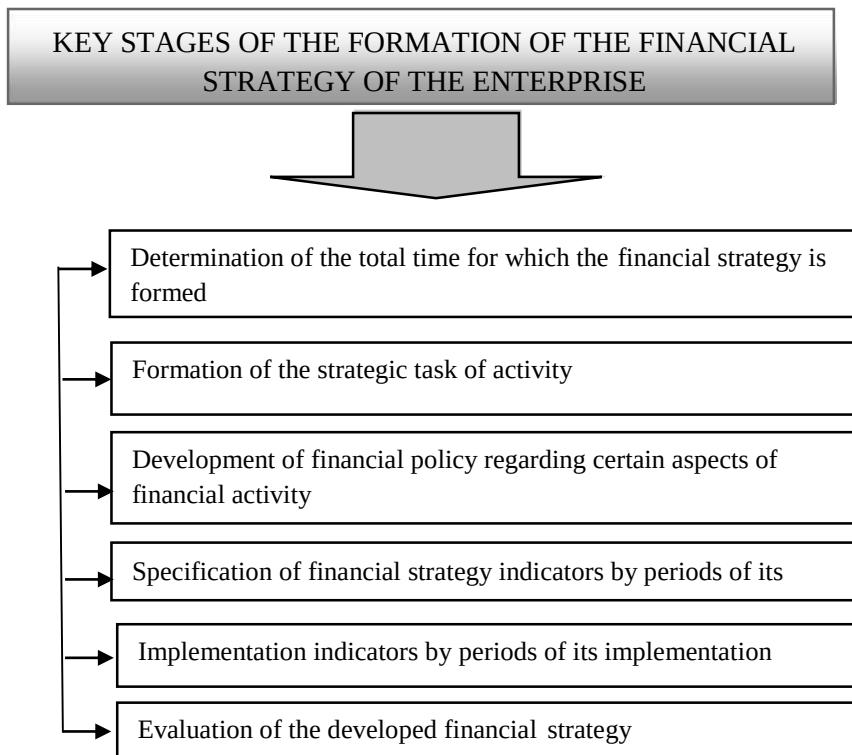


Fig. 2.1. Key stages of strategy formation of a financial enterprise¹⁸

I.O. Blank claims that: "the process of forming the company's financial strategy is carried out in the following sequence:

1. The general period of financial strategy formation is determined.

¹⁸ Tanklevska N. Financial policy of sustainable development of agricultural enterprises of Ukraine: theory, methodology, practice: monograph. Kherson: Ailant, 2010. 376 p.

2. The factors of the external financial environment are studied.

3. The strengths and weaknesses of the enterprise's financial activity are evaluated.

4. A comprehensive assessment of the company's strategic financial position is carried out.

5. Strategic goals of financial activity are formed.

6. Targeted strategic standards of financial activity are being developed.

7. Major strategic financial decisions are made.

8. The developed financial strategy is evaluated.

9. Implementation of the financial strategy is ensured".¹⁹

In contrast to the above, O.I. Gudz suggests: "group all stages of financial strategy formation into three blocks, such as financial strategy development; financial strategy implementation; adjustment of the financial strategy. All these three blocks cannot be considered equal in terms of their importance, since the reasonable development of a financial strategy can significantly simplify the procedure for its implementation at the enterprise, and will not require constant adjustment. In turn, the effective implementation of the financial strategy is the basis for finding ways to improve the financial activity of the enterprise in general. Financial decisions regarding the adjustment of the financial strategy can provide the enterprise with sustainable development in the long-term period".²⁰

Summarizing the above, it is worth emphasizing the interaction between the interaction approaches to the construction of the company's financial strategy, there are a number of inconsistencies that require further improvements.

¹⁹ Blank I. O. Financial strategy of the enterprise: monograph; in general of science ed. I. O. Blanka. Kyiv. national trade and economy University, 2009. 147 p.

²⁰ Gudz O. I. Formation of the financial strategy of the enterprise. Scientific Bulletin of the International Humanitarian University. Series: Economics and management. 2017. Issue 24(1). P. 107-110.

The functions of the financial strategy should be grouped with the functions of the general enterprise development strategy and should be directed to the maximum increase in the market value of the enterprise. When developing a financial strategy, it is necessary to take into account changes in processes in the economy, the development of trends in the markets, financial goals, and the ability to group the activities of the enterprise.

The key task of evaluating the financial strategy is obtaining the amount of self-sufficiency of the complete independence of the enterprise. According to S.V. Kolyadenko: "the key principles of creating a financial strategy are:

1) current and prospective financial planning, which determines for the future all cash receipts of the enterprise and the main directions of their expenses;

2) centralization of financial resources, which provides them maneuverability, concentration on the main areas of production activity;

3) the formation of financial reserves that ensure stable operation of the enterprise in conditions of possible differences in fluctuations of the market situation;

4) unconditional fulfillment of financial obligations to partners;

5) development of accounting and financial and depreciation policy enterprises;

6) organization and maintenance of financial accounting of the enterprise and business segments based on current standards;

7) preparation of financial statements for the enterprise and business segments in accordance with current norms and rules for compliance with the requirements of the standards;

8) financial analysis of the economic activity of the enterprise and its segments;

9) financial control of the enterprise and all its segments".²¹

The financial strategy is an action plan interrelated with risk and uncertainty, the purpose of which is the effective development of the enterprise within the framework of the formed mission, long-term financial goals, the developed corporate and business strategies of the enterprise, which is financing through the formation, distribution and application, coordination, resources financial enterprises.

We agree with the statement of Voloshchuk L.O. and Naumenko K.I. regarding the fact that: "the essence of the financial strategy consists in determining the priority goals and the system of measures to achieve them in the field of the formation of financial resources, optimization of the capital structure and the efficiency of the use of assets, which correspond to the general concept of the development of the enterprise and ensure its implementation. It is produced on the basis of an analysis of the financial condition, an analysis of the results of economic activity, the efficiency and quality of enterprise management, state forecasts and an analysis of the dynamics of the markets of the products produced, an assessment of potential credit, investment, currency risks, as well as an analysis of the strengths and weaknesses of the enterprise, its competitive positions".²²

Lisovska I.A. interprets the financial strategy of the enterprise as: "an integrated structural composition of five interconnected and interdependent modules of financial strategies of the 2nd level, 1) strategies for the formation of financial resources; 2) investment strategy; 3) strategies for ensuring

²¹ Kolyadenko S.V., Stratii A.M. Analysis of financial strategies to increase the competitiveness of the enterprise. Investments: practice and experience. 2019. No. 22. P. 17-23.

²² Voloshchuk L.O. Theoretical and methodological principles of safety-oriented management of innovative development of an industrial enterprise: autoref. thesis for obtaining sciences. degree doc. economy of science. URL: http://opu.ua/upload/files/diss/voloschuk_ar.pdf.

financial security; 4) strategies for improving the quality of financial activity management; 5) tax strategy".²³

Financial strategy aims at the process of generation and application of financial resources in order to implement the basic strategy of the enterprise. It allows economic divisions of the enterprise to create and change financial resources and to determine their optimal use to achieve the objectives of existence and improvement of the enterprise.

Strategic planning begins with defining a strategic vision and mission. During the formation of the strategic vision, the main priorities and intentions regarding the development of the business in the future are determined, and a specific field of activity is selected. The mission characterizes the existing advantages and features of the enterprise, its differences from competitors and acts as a basis for the development of strategic goals.

In the works of I.O. Blanka deeply researched the genesis of the problem of substantiating the main strategic goal of the financial strategy, which is inextricably linked with the main goal of the general strategy of the business entity and is implemented in a single complex, as well as the main and auxiliary goals that ensure the achievement of the main one.²⁴ As evidenced by studies of the activities of foreign corporations, the general purpose of financial activities in the process of developing a financial strategy is formulated in different ways: the survival of the enterprise in conditions of competitive struggle (unstable economic environment; in particular, the unpredictability of the tax and monetary policy of the state, etc.); preventing bankruptcy and large financial losses; competitive leadership; maximization of the "value of the business entity" due to the increase in the exchange rate value of shares; growth in the volume of production and sales

²³ Lysovskaya I.A. The company's financial strategy: the path to financial success and stability. Initiatives of the XXI century. 2009. No. 3. P. 26-30. URL: <http://www.ini21.ru/arhiv/3-09/324.php>.

²⁴ Barinov V.A., Kharchenko V.L. Strategic management. M.: INFRA-M. 2006. 237 p.

of products; profit maximization or cost minimization; achieving the appropriate level of profitability of assets, equity, sales, etc.

Most scientists single out the following as the main stages of financial strategy development²⁵.

1. *Determination of the period for which the financial strategy is being developed.* The duration of this period depends on the duration of the general strategy of the business entity, the predictability of the development of the entire economy and the conjuncture of the financial market segments with which the future financial activity of the enterprise is connected, its branch affiliation, the scale of its activity, the stage of the life cycle, etc.

2. *Study of factors of the external financial environment and financial market conditions.* These include: macro environment (external environment); industry market (intermediate environment); the internal environment of the enterprise. Strategic analysis as a process of determining critically important factors is the basis for forming an appropriate response of the enterprise to their change in order to achieve goals. The process of strategic analysis involves three stages: gathering information about the current state of the business entity; analysis of collected information and its evaluation; forecasting the future state of the business entity.

3. *Determination of financial strategy goals based on the vision and mission of the enterprise.* The main goal of financial management is to increase the level of well-being of the company's owners and maximize its market value.²⁶ The system of strategic goals should ensure: formation of a sufficient volume of own financial resources and highly profitable use of own capital; optimization of the structure of assets and capital; acceptability of the level of financial risks in the process of future economic

²⁵ Blank I. O. Financial strategy of the enterprise: monograph; in general of science ed. I. O. Blanka. Kyiv, national trade and economy University, 2009. 147 p.

²⁶ Barinov V.A., Kharchenko V.L. Strategic management. M.: INFRA-M. 2006. 237 p.

activity.²⁷ The strategic goals of financial development are formulated specifically and concisely. Each of them is reflected in the target quantitative indicators (average annual growth rate of own financial resources formed from internal sources; minimum share of equity capital in the total amount of capital of the enterprise; coefficient of profitability of the enterprise's equity capital; ratio of current and non-current assets of the enterprise; minimum amount of monetary assets that ensures the company's current solvency; the minimum level of self-financing of investments; the maximum level of financial risks in the main areas of the company's activity).

4. *Strategic choice involves the formation and evaluation of possible alternative directions for the development of the business entity*, the selection of the most optimal strategic alternative for implementation, taking into account available resources and market development trends. For this purpose, a special toolkit is used, which includes quantitative and qualitative methods of analysis and forecasting, development of future development scenarios (various planning), portfolio analysis. The ultimate goal of this stage is to develop a specific strategic plan of action on the market. At this stage, the main financial strategies are determined in terms of individual directions (according to the formulation of I. O. Blank - dominant areas) by forming several alternatives to achieve the desired goals and choosing the most attractive financial strategy from these alternatives.²⁸ Alternativeness as the most important characteristic of strategic management is an integral component of financial strategy formation. To choose the "optimal" strategy, it is advisable to develop as complete a list of strategic alternatives from which the choice will be made.

²⁷ Skrypnyk H., Siranchuk R.. Formation of the financial strategy of the enterprise. Ukraine, Bulgaria, EU: Economic and Social Development Trends: materials VI International Scientific and Practical Conference (Burgas, Bulgaria, 26 August 2022) Burgas: Avangard Prima, 2022. P. 170-172

²⁸ Blank I. O. Financial strategy of the enterprise: monograph; in general of science ed. I. O. Blanka. Kyiv. national trade and economy University, 2009. 147 p.

5. *Synchronization of financial strategy target indicators by periods of its implementation.* External synchronization is the temporal coordination of the implementation of the developed indicators of the financial strategy with the indicators of the general strategy of the enterprise's development, as well as with changes in the financial market situation. Internal synchronization consists in the coordination in time of strategic standards of financial activity among themselves.²⁹

6. *Development of operational financial strategies.* In the development of the company's financial strategy, it is expedient to highlight such dominant areas of development of financial activity as strategies: formation of financial resources, investment strategy, ensuring financial security, improving the quality of management of the company's financial activities.³⁰ The goals, tasks, and main decisions of the strategy for the formation of financial resources should be aimed at financially ensuring the implementation of the enterprise's corporate strategy and, accordingly, should be subordinated to it. The investment strategy should provide investment support for the development of separate strategic economic zones and strategic economic units of the enterprise, that is, act as a financial basis for the formation of the most important areas of investment activity of the enterprise in the strategic perspective. The strategy of ensuring financial security is aimed at forming and maintaining the main parameters of the financial balance of the enterprise in the process of its strategic development.

7. *In contrast to the general financial strategy, operational strategies* are formed only according to specific directions of the company's financial activity. For example, as part of the strategy for the formation of financial resources, strategies for managing equity and debt capital are developed. In turn, it is possible to form

²⁹ Yankovska V.A. Financial strategy and its role in enterprise development. Bulletin of NTU "KhPI". 2013. No. 50 (1023). P. 182-187.

³⁰ Barinov V.A., Kharchenko V.L. Strategic management. M.: INFRA-M. 2006. 237 p.

dividend and emission strategies (for joint-stock companies) within the framework of the equity management strategy.

8. *Development of a system of organizational and economic* measures to ensure the implementation of the financial strategy: formation of various types of "responsibility centers" at the enterprise; determination of powers, duties and degree of responsibility of their managers for the results of financial activity; forming a system of motivating employees for their contribution to increasing the efficiency of financial activity.

9. *Evaluation of the effectiveness of the developed financial strategy according to the following criteria:* consistency of the financial strategy with the general and other functional strategies of the enterprise's development by goals, directions, stages of implementation; adequacy of the enterprise's financial strategy to changes in the external financial environment; internal balance of operational financial strategies; the possibility of implementing a financial strategy, which significantly depends on the company's potential for the formation of its own financial resources and the level of qualification of financial managers; acceptability of the level of risks arising during the implementation of the financial strategy; the effectiveness of the developed financial strategy, which is evaluated on the basis of forecast calculations of the main financial ratios and non-financial results of the implementation of the developed strategy (improvement of the business reputation of the enterprise, increase in the level of management of the financial activities of divisions, etc.).

Financial strategy includes the methods and practice of forming financial resources, their planning and ensuring the financial stability of the enterprise under market economic conditions, and also covers all forms of financial activity of the enterprise: optimization of fixed and working assets, formation and distribution of profit, monetary calculations, investment policy.

The formation of a financial strategy involves a sequence of certain stages. First, it is impossible without collecting information

about the market environment of the enterprise (competitors, suppliers, customers, intermediaries, government bodies and services, banking institutions) and its detailed analysis. At this stage, financial managers must apply appropriate financial tools: microeconomic financial planning, forecasting, strategic and financial analysis (in particular, SWOT analysis, which includes the analysis of the company's weaknesses and strengths, risks and additional opportunities), statistical methods and economic and mathematical modeling. After performing analytical work, carrying out relevant calculations, discussing alternative options for the development of events, a managerial decision is made regarding the choice of a financial strategy, which is further detailed according to the directions of financial policy and implemented according to the plan.

The main tasks that management entities manage when planning a financial strategy:

- attracting the necessary resources for the normal functioning of production activities;
- identifying the most appropriate directions for investments and determining their effectiveness;
- determination and implementation of reserves for the growth of the company's profit through the distribution of effective use of the company's available resources.

We will consider the development of a financial strategy using the example of Kyivhlib Limited Liability Company - the largest capital producer of bread, bakery and confectionery products, which has held a leading position in the field of domestic baking for more than 90 years.

The company has 9 sites in the city of Kyiv and in the Kyiv region, the capacity of which allows daily production of more than 400 tons of bakery products and 10 tons of bread delicacies.

Table 2.1

The mechanism for developing a financial strategy of TD Kyivhlib LLC

<i>Sequence of strategy formation</i>	<i>Responsible subjects</i>
Specifying the deadline for the implementation of the financial strategy	General meeting
Evaluation of the external environment	Financial department
Formation of the main goal of the financial strategy	Supervisory Board
Development of the company's financial policy	The general director is under the leadership of the deputy for financial issues
Ensuring the implementation of the financial strategy due to the formation of a system of measures	Department of management
Formation of a financial strategy and its evaluation	General meeting of shareholders

*Source: developed by the author on the basis of information from TD Kyivhlib LLC*³¹

According to the conducted research, TD Kyivhlib LLC is a leader among its competitors, but the company has room to move and, first of all, needs to develop strategically, because this is the only way to not only maintain its market share, but also to increase it. The products of TD "Kyivhlib" LLC are in great demand in all districts of Kyiv, and are successfully sold in the Kyiv region and all regions of Ukraine. When developing the financial strategy of TD Kyivhlib LLC, the following mechanism was used, which is indicated in the table.

The mechanism for developing the financial strategy of LLC "TD "Kyivhlib" includes 6 main components, which are entrusted to the main responsible entities - the supervisory board, general

³¹ Official website of LLC "TD "Kyivhlib". URL: <https://kyivhlib.ua/>

meetings, general director, financial department and management department.

The first component - determining the terms of implementation of the financial strategy - is not as simple as it seems. With the specified terms of implementation of the financial strategy, it is necessary to highlight:

- strategic terms of planning - i.e. development of the general financial strategy of the enterprise, which should be implemented from 3 to 5 years;

- current planning terms - which determine financial strategies for certain types of enterprise activities, which are implemented within 1 year;

- operational planning terms, which determine the terms of delivery to the executors of immediate tasks, for which from a month to a quarter is needed.

The evaluation of the external environment of LLC "TD "Kyivhlib" is carried out by levels - this is the internal environment, the main competitors in the baking industry of Ukraine and foreign competitors.

The main strategy of LLC "TD "Kyivhlib" for the current year is to improve the financial condition and increase the volume of orders for the sale of products.

Considering that there are not enough sources of financing of stocks and costs of the enterprise under investigation, the involvement of external sources for economic activity is necessary. The financial and economic activity of LLC "TD "Kyivhlib" is impossible without borrowing funds. At the same time, the coefficient of financial leverage of LLC "TD "Kyivhlib" (ratio of debt and equity capital) in 2019 - 2021 indicates a significant risk of financial dependence on creditors for the formation of financial resources. The dynamics of the financial leverage ratio (the arm of financial leverage) depends on the change:

- the structural construction of the company's assets (with an increase in the share of non-current assets and a decrease in

current assets, the financial leverage ratio should decrease, other things being equal, and vice versa);

- financial policy of the production enterprise (conservative, moderate, aggressive).

Indicators (Dupont model) of the influence of factors on the return on equity of TD Kyivhlib LLC for 2021 are shown in Table 2.2.

Therefore, taking into account the profitable activity and the tendency to improve activity in 2021, LLC "TD "Kyivhlib" does not fully use the reserves for increasing the profitability of both total capital and equity capital, which indicates a decrease in financial capacity. With the help of this model factor analysis of capital profitability of TD Kyivhlib LLC, such influencing factors as profitability of activity for the reporting period, slowing down of asset turnover and optimization of property and capital structure were identified.

Table 2.2

**Indicators of financial and economic activity of TD
Kyivhlib LLC for 2019-2021**

Indicator	2019	2020	2021	Deviation, (+, -)	
				2020 to 2019	2021 to 2019
Profitability of financial resources, %	2,13	-0,34	1,041	-2,47	1,75
Profitability of own financial resources, %	9,58	-1,67	6,3	-11,25	7,97
Profitability of sales, %	0,671	-0,015	0,604	-0,821	0,754
Asset turnover, times	3,170	2,298	2,348	-0,872	0,0
Coefficient of financial dependence	5,050	4,629	4,266	-0,421	-0,363

Source: developed by the author on the basis of information from TD Kyivhlib LLC³²

³² Official website of LLC "TD "Kyivhlib". URL: <https://kyivhlib.ua/>

Therefore, the return on capital of LLC "TD "Kyivhlib" is multiplicatively related to the profitability of sales, turnover of assets, in turn, the return on equity is related to profitability of sales, turnover of assets and the amount of financial leverage.

The influence of internal factors affecting the financial capacity of the enterprise was studied. The key problem that significantly affects the activities of LLC "TD "Kyivhlib" is high interest rates on lending and significant tax pressure. The company under investigation is at risk of receiving losses due to the increase in world prices for raw materials, transportation, gas, and electricity. Dependence on legislative or economic restrictions is significant. Therefore, for the effectiveness of the enterprise, it is necessary to pay due attention to finding reserves, reducing production costs and repaying current liabilities.

Therefore, the achievement of the main strategic goal - strengthening the financial stability of "TD "Kyivhlib" LLC - involves the realization of two main goals of the second level of the hierarchy, namely: elimination of the company's insolvency and restoration of its financial stability.

To eliminate the insolvency of the enterprise, it is necessary to implement measures aimed at reducing the amount of current internal and external liabilities, as well as increasing the amount of monetary assets used to cover current liabilities.

Ways to reduce the amount of current external liabilities can be: extension of short-term bank loans, postponement of payment of accrued dividends, interest, etc., extension of terms of accounts payable from commodity transactions, etc. The implementation of the specified goals will allow to reduce the amount of the company's liabilities only in the current period and will not affect the prospective solvency.

In turn, reducing the amount of internal liabilities of the enterprise by reducing the amount of fixed and variable costs due to more efficient use of resources, improvement of technological processes, etc., will contribute to increasing the level of solvency

of the enterprise not only in the current period, but also in future periods.

Achieving the goals from the following list will ensure an increase in the amount of monetary assets and, accordingly, will increase the liquidity and solvency of the enterprise: implementation of certain highly liquid monetary and stock instruments of the portfolio of long-term financial investments, refinancing of receivables, acceleration of the turnover of receivables.

The second goal of the financial strategy - restoring the financial stability of the enterprise - can be specified with the help of the following goals: increasing the amount of positive cash flow and reducing the amount of consumption of investment resources in the current period.

It should be noted that the first direction, i.e. increasing the amount of positive cash flow, has a long-term nature and involves the development of a set of measures to increase the efficiency of individual areas of the company's financial activity, in particular its price, tax, emission and depreciation policies.

The second goal involves a temporary reduction in the outflow of cash resources related to investment and financial activities, therefore its implementation is necessary to restore financial stability only in the current period. Its framework includes the following measures: refusal to start implementing real investment projects that do not provide a quick net cash flow; attraction of fixed assets under leasing conditions; temporary suspension of the formation of a portfolio of long-term financial investments, if such were planned at the enterprise; reduction of the standard of current assets due to the acceleration of their circulation.

The developed mechanism for structuring the goals of the financial strategy, aimed at managing financial stability, ensures the interconnection and single target orientation of anti-crisis management measures of the company's finances, which will make

it possible to implement financial stabilization programs and lay the foundations of the financial strategy to ensure sustainable economic growth.³³

The influence of internal factors affecting the financial capacity of the enterprise was studied. The key problem that significantly affects the activities of LLC "TD "Kyivhlib" is high interest rates on lending and significant tax pressure. The company under investigation is at risk of receiving losses due to the increase in world prices for raw materials, transportation, gas, and electricity.

Thus, TD Kyivhlib LLC is proposed to implement an anti-crisis financial strategy, the main goal of which is to strengthen the financial stability of the enterprise. The main direction of the anti-crisis financial strategy should be the formation of a sufficient level of financial security of the enterprise. Within the framework of this direction, the following problems must be solved: ensuring the constant solvency of the enterprise, ensuring a sufficient level of financial stability of the enterprise, neutralizing the possible negative consequences of financial risks, balancing and ensuring the synchronicity of cash flows, implementing the necessary measures of financial rehabilitation of the enterprise in the conditions of its crisis development.

³³ Skrypnyk H., Siranchuk R. Formation of the financial strategy of the enterprise. Ukraine, Bulgaria, EU: Economic and Social Development Trends: materials VI International Scientific and Practical Conference (Burgas, Bulgaria, 26 August 2022) Burgas: Avangard Prima, 2022. P. 170-172

2.2. ANALYSIS OF FINANCIAL SECURITY OF UKRAINE

In the system of economic security of Ukraine, its financial component plays an important role, the level of which depends on the realization of national interests and stable economic development. Ensuring financial security becomes especially relevant in the period of financial and economic crisis, since the breakdown of state finances leads to the loss of internal and external solvency, the instability of the national monetary unit, the reduction of the income of the population and the assets of economic entities.

These and other negative consequences of crisis phenomena in the economy take place at the current stage of Ukraine's integration into the world economy. Accordingly, the scale of these consequences can be global ³⁴:

- loss of financial independence in solving socio-economic issues and own financial infrastructure;
- limiting the state's access to foreign markets.

The urgency of increasing the level of financial security is also due to a significant decrease in the profits of enterprises, revenues of the state and local budgets, and revenues to special funds.

Financial security³⁵ is a state of the budgetary, monetary and credit, banking, currency system and financial markets, which is characterized by balance, resistance to internal and external negative threats, the ability to ensure the effective functioning of the national economic system and economic growth (Fig. 2.2).

³⁴ Akimova L. M. Theoretical foundations of state management of national security development. (2015). № 5. URL : <http://www.dy.nayka.com.ua/?op=1&z=1210>

³⁵ Methodology for calculating the level of economic security of Ukraine. Official website of the Ministry of Economy of Ukraine. URL: http://www.me.gov.ua/control/uk/publish/article?art_id=97980&cat_id=38738.

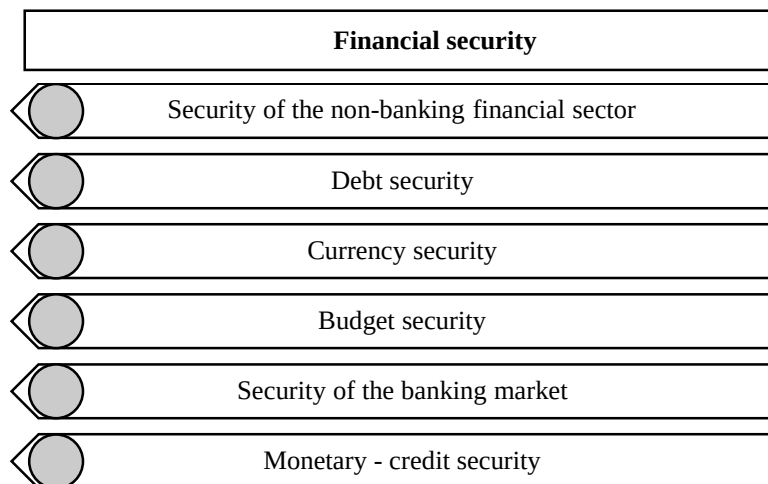


Fig. 2.2. Structure of financial security of Ukraine ³⁵

According to the Methodology for calculating the level of economic security³⁵, several indicators of financial security are distinguished, which include:

- volume of external and internal public debt, % of GDP;
- inflation rate, %;
- international reserves of the central bank, million dollars;
- state budget deficit, % of GDP;
- cost of bank loans in national currency, % per annum;
- level of dollarization of the economy, %;
- balance of payments balance, million dollars;
- revenues and expenditures of the state budget, % of GDP;
- the level of Ukraine's shadow economy, % of GDP.

The trend of the integral index of financial security for the period 2018 - 2022 can be followed in Fig. 2.2.

Analysis of the dynamics of financial security indicators determines which indicators pose a real threat to national financial security.

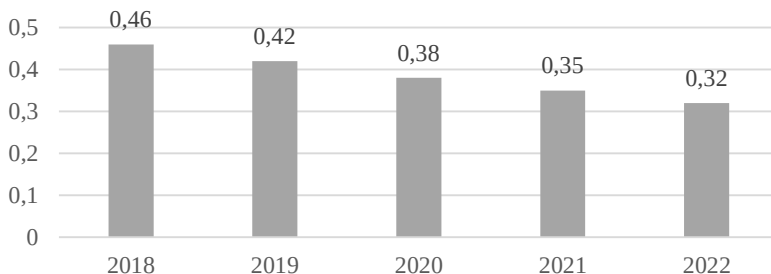


Fig. 2.3. Dynamics of the integral index of financial security of Ukraine³⁶

In Fig. 2.3, we can see that the integrated assessment of financial security decreased from 0.46 in 2018 to 0.32 in 2022, which happened rather gradually, and was caused by the instability and imperfection of legal regulation in the financial sphere, the outflow of capital abroad due to the deterioration investment climate, the uneven distribution of the tax burden on business entities, which led to tax evasion and capital outflows abroad, the low level of budget discipline and the imbalance of the budget system, significant fluctuations in the exchange rate of the national currency that are not due to the action of macroeconomic factors, an increase in the volume public debt, the diminution of the economy, the insufficient level of gold and currency reserves, the significant level of dollarization of the economy, the weak development of the stock market, in particular in terms of the application of accounting mechanisms and the transfer of ownership rights to securities, as well as ensuring the protection of the rights of investors on the stock market.

One of the key indicators of financial security is inflation. Inflation is defined as a long-term increase in the general level of prices, which reflects a decrease in the purchasing power of a

³⁶ State of energy security of Ukraine (assessment and calculation methodology). Department of Macroeconomic Forecasting of the Ministry of Economic Development and Trade of Ukraine. URL: <http://www.me.gov.ua>

monetary unit (Fig. 2.4).

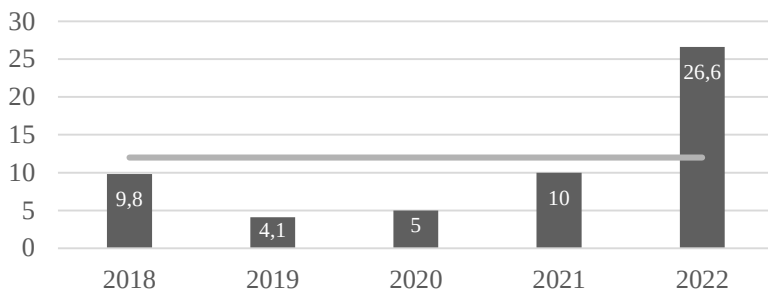


Fig. 2.4. Dynamics of the level of inflation in Ukraine for 2018-2022, % ³⁷

The analysis of the level of inflation in Ukraine for 2018-2022 indicates that a significant threat to financial security is the high level of inflation, the value of which in 2018 and 2021 was as close to the limit as possible, and in 2022 it exceeded the threshold value (112%) by 14.6%, which is evidence of destabilizing inflationary processes.

In 2018, the inflationary pressure slightly exceeded the forecast data, which was caused by a more significant than expected increase in the price of food products; the growth of production costs, in particular for labor costs. Prices were also affected by the rapid recovery of consumer demand due to the improvement of social standards. At the same time, the National Bank's tight monetary policy restrained inflationary pressure, in particular through the exchange rate channel. Previous increases in the discount rate made hryvnia-denominated financial instruments more attractive, which contributed to the inflow of foreign capital. Together with the increase in foreign exchange earnings from exporters, this caused a transition from a devaluation trend to a strengthening of the hryvnia.

³⁷ Inflation index in Ukraine. (2022).URL:<https://index.minfin.com.ua/ua/economy/index/inflation/>

In 2019, there was a fairly significant decrease in the value of this indicator, which was achieved thanks to the strengthening of the hryvnia exchange rate, which took place in view of the high interest of investors in hryvnia financial instruments, taking into account their attractive profitability against the background of a long period of macroeconomic stability, as well as general productivity growth Ukrainian economy. The decrease in inflationary pressure was also supported by the general decrease in world prices for energy carriers that Ukraine imports and by the easing of pressure on the supply of food products.

In 2020 - 2021, inflationary pressure is gradually increasing, which was caused primarily by the rapid recovery of economic activity after the Covid-19 pandemic against the background of supply chain disruptions related to quarantine restrictions. This led to an increase in the price of energy carriers, raw materials and components. Additional pressure on prices was also caused by the strengthening of measures to combat emissions of harmful substances, stable consumer demand, which was supported by the growth of population incomes and improved consumer sentiment, as well as an increase in production costs, in particular for labor wages.

The sharp acceleration of inflationary processes in 2022 is primarily related to the consequences of Russia's full-scale military aggression. Among which we can highlight: destruction of enterprises and infrastructure, disruption of production and supply chains, increase in business production costs, situational hype demand for certain goods and services. Indirect consequences of the war also had an impact, in particular exchange rate effects and deterioration of population and business expectations over the course of the year.

In recent years, the state budget deficit has persisted in Ukraine, which is primarily caused by insufficient revenues caused by the economic crisis and the unstable political situation in the country.

The budget deficit is a rather complex economic phenomenon, which reflects various aspects of the social and economic development of society, it is the main measure of the effectiveness of the state's economic policy. The budget deficit has various manifestations, is characterized by a variety of causes, factors and consequences³⁸.

The state of the budget as a financial plan of the state can be determined by three indicators: the balance of budget revenues and expenditures; budget surplus - the excess of revenues over budget expenditures; the budget deficit is the excess of expenditures over permanent revenues³⁹.

The state budget of Ukraine for 2018-2022 can be characterized as deficit (Fig. 2.5), and the ratio of the state budget deficit (surplus) to GDP is one of the most important indicators of Ukraine's financial security.

Having analyzed the data of Fig. 3, it can be said that in the period 2018-2019, the level of the deficit of the State budget was within the norm. The deepest deficit has been observed in the last three years, and in 2020 the budget deficit was 2.8 times larger than in 2019 (217.1 billion hryvnias against 78 billion hryvnias). This is a record figure for recent years.

According to the Law of Ukraine "On the State Budget of Ukraine for 2020", the maximum amount of the state budget deficit was approved in the amount of UAH 220.86 billion, and the actual amount of the deficit in 2021 amounted to UAH 274.5 billion.

³⁸ Yurii S. I., Fedosov W. M. «Finances». URL: <http://westudents.com.ua/knigi/664-fnansi-yury-s-fedosov-vm.html>

³⁹ Semeno M. W. «State budget deficit and ways to overcome it» URL: <http://intkonf.org/semeno-m-v-defitsit-derzhavnogo-byudzhetu-ta-shlyahi-yogo-podolannya/>

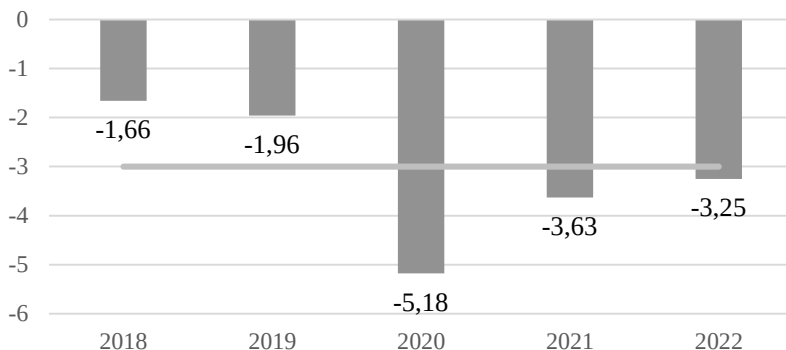


Fig. 2.5. Dynamics of the deficit of the State Budget of Ukraine to GDP in 2018-2022 ⁴⁰

The corresponding indicators of the maximum deficit of the state budget are the result of the negative consequences of the COVID-19 pandemic, which take into account, first of all, the provision of financing of the adjusted priorities of the state budget policy, in particular, the creation of the Fund to fight against COVID-19 and additional expenses that were allocated to health care, education, provision of social support to the population.

However, this situation is not unique. At the same time, many countries resorted to a significant softening of monetary and fiscal policy. The implementation of quantitative easing was mainly aimed at overcoming the crisis in the field of health care and financial support for affected small businesses and the population.

According to the Ministry of Economy of Ukraine, a particularly dangerous indicator for the economy of Ukraine is also the ratio of the deficit of the trade balance to GDP, which improved from a deficit of 1.9% in 2021 to a surplus of 5.0% in 2022. The surplus was formed mainly due to receiving grants from international partners and reducing payments for investment income. At the same time, the deficit of goods and services significantly expanded due to a significant decrease in exports

⁴⁰ State budget of Ukraine. (2022). URL: <https://index.minfin.com.ua/ua/finance/budget/gov/>

compared to imports and significant expenses of Ukrainian citizens who are abroad.

An important component of the financial security of the state is also debt security, which is determined by such indicators as the ratio of the total volume of public debt to GDP, %, the ratio of the total volume of foreign debt to GDP, %, the ratio of the volume of domestic debt to GDP, %¹.

The state of debt security in Ukraine in 2022 can be characterized as risky, since the above indicators exceed their threshold values by 18.5%, 13% and 14%, respectively¹.

According to the Ministry of Finance of Ukraine, the total state and state-guaranteed debt increased by \$13.4 billion in 2022. (78.5% of GDP) from 48.9% of GDP in 2021. This means that the consequences of such a situation can be crisis-like: an increase in taxes, inflationary processes in the economy, a rise in the exchange rate of the national currency. The devaluation of the hryvnia complicates the servicing of external debts, since the repayment of foreign loans directly depends on currency fluctuations.

Further analysis of the level of financial security of Ukraine revealed that the most significant risks for the financial security of Ukraine in 2022 were:

- loss of tax revenues of the state and local budgets as a result of the narrowing of the tax base and the accumulation of tax debt. Due to hostilities and intensive displacement of the population, more than half of tax payments are at risk;
- exhaustion of possibilities for advance payment of large payments to the budget, which may lead to an increase in the lack of corresponding funds in the future;
- the inability of tax and customs authorities to fully perform their functional duties in a large area due to risks and threats to: employee safety; destruction of buildings, computer equipment, databases and/or working documents; impossibility of employees getting to work places. In addition, due to humanitarian issues, there is a risk of deterioration in the interaction of tax and

customs authorities with territorial treasury authorities and/or local financial authorities to ensure the budget process;

- a significant increase in the budget deficit;
- growth in the volumes of state and state-guaranteed debt of Ukraine and expenditures on its servicing under the influence of macroeconomic shocks in the short- and medium-term perspective;
- the practical lack of opportunities for Ukraine to refinance state and state-guaranteed debt (primarily foreign) on the open market;
- decrease in the volume of international reserves as a result of a significant reduction in exports, which will limit the inflow of foreign currency into the country;
- acceleration of inflation as a result of a reduction in the volume of industrial production, a decrease in the production of agricultural products, logistical problems, agitated demand of the population for consumer goods against the background of active refinancing of banks, which increases the money supply;
- reduction of the resource base of banks due to the withdrawal of demand funds (salary, pension and other types of current accounts) and time deposits of the population (after the expiration of the agreements), as well as funds of legal entities;
- the deterioration of the quality of the loan portfolio (the increase in the share of non-performing loans, NPL) is associated with the deterioration of the payment discipline of borrowers, who, for objective and subjective reasons, stop timely repayment of received loans and payment of interest on them;
- unprofitability of the banking system, caused by a reduction in income from credit and other operating activities and an increase in costs for the formation of insurance reserves for "new" NPLs;
- reduction of the capital of banks as a result of their unprofitability, which will worsen their financial stability, limit opportunities to carry out active operations and provoke violations of the regulations of the National Bank of Ukraine;

- a decrease in the level of financial inclusion due to the closure of a significant number of bank branches, difficulties with cash reinforcement of ATMs, restrictions on access to transport infrastructure, electricity supply, landline and mobile Internet in combat zones and in adjacent territories.

The study of monetary indicators of Ukraine showed that the level of the money supply has an unstable, but still growing trend. Thus, in 2019, the money supply increased by 12.6%, in 2020 by 28.6%, in 2021 by 12%, and in 2022 it increased by UAH 435 billion, or by 21%. At the same time, the level of monetization (the ratio of the volume of monetary aggregate M3 to GDP) has a gradually increasing character, from 36.1% in 2019 to 38% in 2022.

Such a situation is a positive phenomenon under conditions of moderate inflation, as it contributes to stable economic growth. But based on the analysis of inflationary processes in Ukraine, the growth of money in circulation is evidence of its devaluation.

A review of the official reserve assets of the NBU makes it possible to identify a trend of an increase in foreign currency reserves until 2021 and a decrease in 2022 (Fig. 2.6).

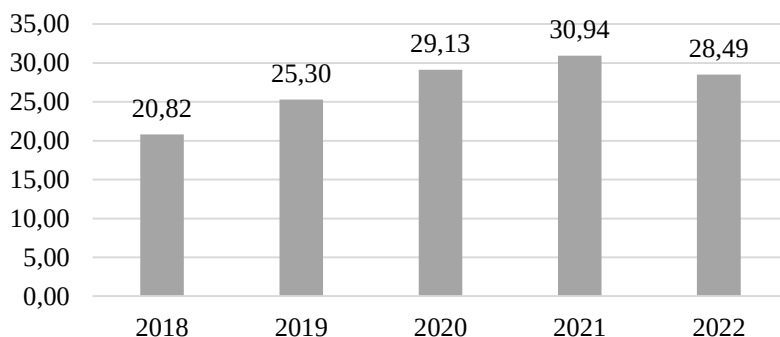


Fig. 2.6. Dynamics of official international reserves of Ukraine from 2018 to 2022, billion dollars. USA ⁴¹

⁴¹ Gold and currency reserves of Ukraine.(2022). URL: <https://index.minfin.com.ua/ua/finance/assets/>

Having analyzed fig. 4, it can be said that in 2018, the volume of international reserves of Ukraine amounted to 20.82 billion dollars. the USA, owing primarily to the NBU's purchase of surplus currency on the interbank market and Ukraine's receipt of external financing.

In 2019, international reserves increased from 20.82 billion dollars. to USD 25.30 billion, i.e. by USD 4.48 billion, which indicates a favorable situation in the foreign exchange market, in particular, large revenues from the export of a record harvest, as well as an increase in foreign demand for hryvnia bonds of the domestic state loan.

International reserves of Ukraine in 2020-2021 increased by more than 5 billion dollars. - up to 30.94 billion dollars. USA, which is determined by such factors as: operations of the National Bank of Ukraine on the interbank foreign exchange market; receipt of international funding and government operations for public debt management; revaluation of financial instruments (due to changes in market value and exchange rates).

But, unfortunately, in 2022, there was no upward trend and the volume of international reserves decreased by \$2.45 billion to \$28.49 billion, which was caused by a large part of the NBU's net interventions on the sale of foreign currency and the country's payments for servicing and repaying the state debt in foreign currency.

At the current stage of Ukraine's development, in order to ensure financial security, it is necessary to create an effective financial security management system both at the state level and in individual regions and at the levels of individual business entities.

The main factor in increasing financial stability and security is the expansion of investment activities on the part of the state, enterprises, and private investors, since investments provide growth in demand and have a positive effect on expanded

production, stimulate business activity and positive dynamics of the country's socio-economic development.

Achieving political stability in the country should be an important direction of ensuring Ukraine's financial security. As you know, politics and the economy are closely related, but in Ukraine in recent years the political factor dominates the economic one, which negatively affects the actions of both domestic and foreign investors.

2.3. ANALYSIS OF FINANCIAL HEALTH WITHIN THE CONTEXT OF ENSURING FINANCIAL SECURITY OF ECONOMIC ENTITIES

Financial security provides such a state of the enterprise, allows to ensure viability, financial stability, solvency and liquidity in the long term; satisfies the needs of the enterprise for financial resources for a sustainable extended reproduction of the enterprise; ensures a fair financial independence of the enterprise; allows to resist existing and emerging dangers and threats which can cause financial damage to the enterprise, or it is undesirable to change the structure of capital or force the liquidation of the enterprise; provides adequate flexibility in making financial decisions; ensures the financial interests of owners corporate rights. [4]

The essential part of the economic security of the enterprise is financial state. Respectively, the assessment of the financial security of the enterprise provides, first of all, the identification of its financial state. Research conducted by scientists has made it possible to take some steps toward the development of a system of indicators for assessing financial security, but further clarification is needed. Fundamentally, such a system should involve different groups of quantitative indicators that describes a direction in ensuring the financial security of the enterprise. The financial state of the enterprise is assessed on the basis of indicators reflecting financial and economic activity, as well as the availability, placement, using and movement of the enterprise's

funding . As we know, the main areas of analysis of the financial state of the enterprise include: Evaluation of the property situation, liquidity of assets, solvency, financial stability, business activity and viability of the enterprise.

The primary source of information about the financial state of the enterprise is financial (accounting) reporting.

The consolidated financial statements are related to the operation of a group of enterprises consisting of a parent (holding) company and subsidiaries (companies). The consolidated financial statements are prepared by the orderly addition of the financial statements of subsidiaries to the same indicators of the parent company. As a result, we obtain the financial information contained in the financial statements of enterprises about the group of enterprises as a single enterprise. The consolidated financial statements include all the companies that are part of the parent company.

Consolidated financial statements require that all companies in the group apply a single accounting policy. Consolidated reporting is open, so it can be used for analysis. The main task of the financial analysis is to assess the direction of the enterprise development, based on the needs for financial resources.

The state of finance is decisive, because in the market conditions of economic management, finance is the "engine" of any economic system [2].

The efficiency and rationality of management decisions depend on the degree of objectivity of the financial state. For effective management of the enterprise, it is important for management to objectively assess the state of the enterprise in a market environment and on this basis, determine the directions and goals of long-term purposes.

The results of the financial analysis can be used by a wide range of users, in particular analysts, investors, banks, creditors, experts on reliability of investments, managers.

At the present stage of development, the scientific theory of

management has become even more relevant. It is, above all, characterized by the complexity of the functions and principles that reveal the content of the management process. Financial analysis permeates all management functions and plays an important role in bringing the financial management system into line with the complex tasks of production management. Its results use both informational and reference material when basing and making management decisions. Now in economic theory and in practice, there are several different methodological recommendations on a wide range of indicators that allow to assess the financial state of the enterprise. However, these methods vary in their essence only by the number of indicators used for the analysis and the ways in which they are grouped.

The assessment of the financial state within the context of financial security should be consistent with the following grounds:

- comprehensiveness - the existence of as wide a range of aspects as possible to be considered in measuring the level of financial security. Microenvironment is a complex of integrated system, where the order of formation of financial result is influenced by many factors, which are clearly formalized, and subjective. In our view, drawing attention first of all to the financial side of the safe state of operation in the enterprise as an indicator of the state of its development, it is also necessary to clearly define the list of essential features and conditions of economic activity, inherent in the industry as a whole and specifically, the enterprise;

- clarity - the need for a clear interpretation of the results of the assessment of the financial security in the enterprise. The analysis carried out should clearly define the state of development efficiency, financial stability, the viability of insolvency and the overall prospects of subject. Taking into account the different level of training of the user and the provided information, the procedure of presenting the subject to the appropriate level of financial security should be accessible for understanding;

- urgency – is obtained from the terms of the current socio-

economic formation of the country. Fiscal policy reforms, the instability of the national banking system and the volatility of solid-climatic factors are the primary cause of the difficult conditions for the management of agrarian subjects. Financial security information should be appropriate and appropriate to the specific temporary and spatial conditions of the activity. In addition, it should be noted that the assessment of the level of financial security should be based on the current achievements of scientific thought;

- veracity and simplicity of computation. Financial security assessments should be based on official financial accountability and should be targeted at a wide range of users. In our opinion, taking into account the above indications to the result of the assessment of the financial security of the enterprise, the latter should be built as a result of the analysis of elements (Fig. 2.7).

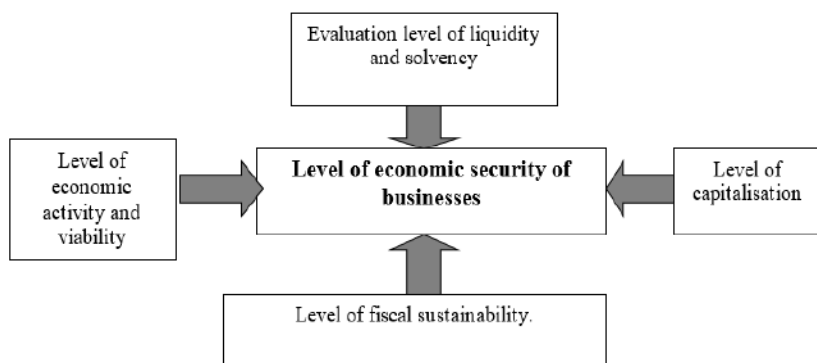


Fig. 2.7. Evaluation the constituent elements of the financial security of the enterprise *

* - author commented

We believe that the financial security of the enterprise is an effective result of equivalent components: Indicators of financial condition, financial stability and the level of its capitalization.

Therefore, to assess the financial condition of the enterprises in order to determine the level of their financial security, we used

methodical recommendations for the preparation of an audit opinion in the audit of joint-stock companies and enterprises - issuers of bonds (except commercial banks). Summary record of the meeting Of The Audit Chamber of Ukraine, №. 99 of February 23, 2001 [3].

Financial indicators and enterprise ratios are an important tool for analyzing the flow of financial resources [4]. The financial ratios and ratios used are used both within the enterprise to analyze current and strategic goals of financial management, and external analysts for independent and objective assessment of the position of the corporate enterprise in the market, its competitiveness, etc.

Financial factors and ratios are instruments of financial management methods and can be considered as an important part of the financial management itself in terms of the realization of the possibility of using mathematical methods and models. In addition, financial factors and ratios act as effective indicators of the state of the enterprise, through which potential and current shareholders, investors, tax authorities and competitors, practically all who, in one or another position, face the work of the enterprise, can draw conclusions about its competitiveness, predict the possible future of functioning and development.

The aforementioned method of estimation of the financial condition of the enterprise assumes study in six directions: Valuation of property condition, assessment of liquidity, estimation of financial stability, estimation of business activity (turnover), estimation of cost-efficiency, estimation of the position of enterprises on the securities market.

We believe that among the listed groups of indicators it is advisable to analyze liquidity, financial stability and business activity indicators to determine the level of financial security. The given factors can give a complete picture of the overall level of financial condition of the enterprise. The role of each should be clearly identified.

Assessment of the financial state of the enterprises we will start with analysis of liquidity.

Financial liquidity means willingness and ability of the enterprise to fulfill its obligations in full and in the terms established by the credit agreement. However, although short-term debt is differentiated only by the subject of the content, liquid assets differ in their ability to convert to a means of repayment. Thus, absolutely liquid assets are money in national and foreign currencies, their equivalents and current financial investments. Their presence has a positive effect on the level of solvency of the enterprise and forms the value of the absolute liquidity ratio. Note that excessive content of absolutely liquid assets can negatively affect the level of material and technical support of the enterprise's economic processes. Absolutely liquid assets, as well as receivables, form the basis of the measure of current liquidity. The rest of the working assets can be realized more slowly, but are also considered liquid. The working capital in aggregate form is the full and primary source of calculation on current liabilities and forms the basis of the ratio of total liquidity (*Dod. Table 2.3.1*).

The liquidity analysis gives grounds to assert that the coefficient of coverage in most analyzed enterprises, excluding Ukrgrunproduct, Avangard is within the normative value, that is, exceeds 1. However, the best tendency is for the company Kernel-Trade, where the figure varies from 1.07 to 3.81. Especially it is necessary to note the increase of the coefficient of coverage in the companies Agroton, Kernel - Trade and MHP. After all, in 2008. These companies had low values of this ratio, but for 13 years as a result of sound financial policies, they significantly improved their positions. All the enterprises under consideration are capable of quickly and in certain terms calculated on their obligations. The worst trend is shown by Ukrgranprom (2.65 - 0.99 for 2011 - 2020). This is due to the fact that this enterprise has problems with the calculation of products and late payments for obligations.

However, the positive dynamics for 2008-2020 Show all enterprises analyzed. That is, these companies maintain the right strategic policy and try to fulfill contracts in a timely manner.

The absorption factor has certain disadvantages. If it is very high, for example, in Agroton, then it can be connected with excess production reserves, the remains of finished products in warehouses, which indicates a slowdown in capital turnover. The decreasing of this indicator means the increasing risk of insolvency (Ukrgranprom).

The indicator of quick ration has a normative value of 0.6 - 0.8, that is, for the analysis of enterprises, unstable trends are traced, namely: Holding Ukrproduct - 0.5 in 2020r., However, in dynamics in thirteen years the coefficient has a significance much lower than normative ones, also in Avangard - 0.29 in 2020., and during the analyzed period this coefficient changed several times its trends, then a sharp increase, or a fall (*Dod. Table 2.3.2*). The values below normative are also: Astarta - Kiev (0,38), Industrial dairy company (0,33), Avangard (0,29), Ukrproduct Holding (0,50). This situation is explained by the rapid increase in current liabilities, rather than working assets, and indicates the deterioration of payment capabilities of these companies and delayed calculations with debtors and faster growth of current liabilities. The Kernel-Trade the importance of the index of fast liquidity has within the norm in 2020r. This shows that, provided that payments with debtors are made in a timely manner, there are good payment opportunities for payment of current obligations.

The ratio of absolute liquidity is the most rigid criterion of the group of liquidity indicators. Theoretically sufficient is considered if the absolute liquidity ratio is above 0.2-0.30. That is, it means that by 20-30% the enterprise can at the moment pay off all its short-term debts and thus solvency will be within the normative value.

However, in practice, the actual average values of liquidity ratios may be lower, but this does not yet suggest that the enterprise

cannot immediately repay its debts, because it is unlikely that all creditors of the enterprise simultaneously present their debt claims to it (*Dod. Table 2.3.3*).

However, during the period under review, not all of the enterprises under consideration have this ratio within the normative value. Even three of the eight companies under consideration have tendencies to increase the ratio of absolute liquidity, confirms the possibility to pay all their debts in the prescribed time. A kind of indicator of efficiency of using capital is working capital, represents the difference between working assets and short-term loans and obligations and gives an opportunity to determine the current need for working capital [1].

If the share of working capital financed from domestic and long-term financial resources grows at a constant level of short-term liabilities, net working capital will grow. In addition, in this case I will increase the financial stability of the enterprise, however, the effect of financial leverage will become less. Accordingly, if current debt becomes the main source of financing for the build-up of working assets, the net working capital, and therefore the need for working capital, will be reduced. At the same time, due to the effect of financial leverage, the efficiency of the use of equity capital will be achieved, however, the financial stability and solvency of the enterprise will become lower. Net working capital shows how much current assets are covered by short-term and in what kind of domestic and long-term sources of financing. The net working capital index allows companies to pay their current obligations and expand their further activities (*Dod. Table 2.3.4*).

As the data of *Dod. Table 2.3.4* show, the majority of the analyzed enterprises are provided with net working capital, but Avangard and Ukrproduct have negative values, this is due to the fact that the increase in current liabilities is greater than the increase in working assets. If the net working capital value is positive in the calculation, then the amounts of the own and long-

term financial resources are sufficient to cover all the non-current and part of the working capital.

In this case, the amount of circulating assets exceeds the short-term liabilities and the enterprise has high liquidity indicators.

An important point in the policy of managing working assets is the desire to increase net working capital, clearly visible in five of the eight enterprises under consideration: Kernel - Trade, Agroton, MHP, Astarta - Kiev and Industrial Dairy Company. The growth of this indicator is considered as a positive trend, it is necessary and obligatory condition of stable financial condition of the enterprise, acceptable financial stability and liquidity.

However, if the net working capital is increased by the growth of the free balance of funds, excess stock or increase in receivables, then these changes negatively affect the production and economic activity of the enterprise.

The negative value of working capital indicates that the ratio of total liquidity is less than 1, that is, the volume of the enterprise's capital is partially financed from short-term capital, hence the enterprise violates the rules of financing, it is at risk of insolvency. There is a close relationship between the magnitude of net working capital and the risk of liquidity loss. If the total amount of working assets is maintained at a relatively low level, then the probability of insolvency of the enterprise is high. As net working capital increases, the risk of liquidity loss decreases.

The financial activity of enterprises is carried out under the influence of uncertain factors, caused by the growth of competition in the market, instability of the current political situation in the country, the tax system, constantly changes.

The financial activity of enterprises is associated with many risks, the extent of the impact on the results of its activities is significantly increased with the instability of the current economy. Aggressive external environment, its instability significantly affects the efficiency of the enterprise, which leads to the

development of ways to ensure the ability of the enterprise to adapt and, accordingly, to maintain its integrity and efficiency in the activity. Risks, especially financial risks accompanying such activity, are allocated in a separate group of risks, play the most significant role in the overall impact of risks on the financial stability of the enterprise. In modern conditions, financial stability is the main condition of life and the basis for the stability of the company's position.

The efficiency of enterprise management depends to a large extent on the nature of use of available financial resources, forms an important aspect of financial security of the subjects - financial stability. The financial stability of the enterprise assumes that the resources invested in entrepreneurial activity should be paid off at the expense of monetary income from economic activity, and the received profit provide self-financing and independence of the enterprise from external attracted sources of formation of assets [5].

Own financial resources and similar to them in the world practice of financial management in order to ensure the financially comfortable existence of subjects should make at least 50% of their total number. It is assumed that mainly the objects of the irreversible sphere are financed by their own means: Equipment, vehicles, buildings and the like. But, in our opinion, the own resources of financially sustainable business should be enough to cover the stocks and other objects of working assets.

This will allow the enterprise not to incur additional expenses on attraction of borrowed capital for financing of economic needs.

The assessment of the financial stability of the enterprise is aimed at objective analysis of the size and structure of assets and liabilities of the enterprise and determination on this basis of the level of financial stability and independence, as well as conformity of the financial and economic activities of the enterprise with the goals of its statutory activity.

According to I.A.Blanka, the financial stability Assessment Form allows "to identify the level of financial risk, the structure of the sources of formation of the capital of the enterprise, and, accordingly, the degree of its financial stability in the process of future development" [6]. That is, financial stability is assessed on the basis of the ratio of own and attracted sources of formation of assets of the enterprise, the rate of growth of equity capital as a result of economic activity of the enterprise, the ratio of long-term and current liabilities, sufficient provision of material working capital by own sources.

Thus, the indicators of financial stability estimation reflect the ratio of varieties of financial resources of the enterprise to their total value, the degree of mobility of use, and the like. We offer to use solvency, autonomy, financing, flexibility of equity capital and a ratio of self-sufficiency to own working capital to assess financial security of enterprises.

Definitely, this coefficient of autonomy gives possibility to see the weight of self and equated resources in all capital of enterprise and characterize degree of independence from loan capital. Coefficient of financial stability shows part of received on long-term period financial resources in total number. It shows the degree of security of the enterprise of strategic stock of financial resources.

Maneuverability ratio shows the degree of mobility of own funds use. Security ratio characterizes part of net working capital in the total amount of current debt. Therefore, the coefficient of financial autonomy characterizes the share of equity in the total amount of capital, advanced to the activity (*Dod. Table 2.3.5*).

The higher value of this coefficient, means that enterprise has higher level of financial sustainability, stability and more independent of external creditors.

The recommended value of the coefficient of autonomy is 0.5 (50%), that is, the total amount of capital should be at least half formed at the expense of the enterprise's own funds, the solvency

ratio must be at least 0.5. In 2008 - 2020. The highest rates were observed in Agroton (0.89), Industrial Dairy Company (0.61), Kernel - Trey (0.53). Mironovsky bread (0.41), Avangard (0.07) and Ukrprodukt (0.07) were below the recommended values. This indicates a critically low share of equity in the total amount of advanced capital, which makes enterprises financially unsustainable and dependent on borrowed funds.

The coefficient opposite to the coefficient of financial autonomy is financing, the critical value of which is 1. The coefficient of financing shows which part of the activity of the enterprise is financed at the expense of its own funds, and which at the expense of the borrowed ones (*Dod. Table 2.3.6*).

Thus, according to (*Dod. Table 2.3.6*), the values of the Kernel-Trade, Agroton, Astarta-Kyiv and Industrial Dairy companies have a higher ratio, because of unstable financial condition and high financial dependence on external creditors and investors. The rest of the analyzed companies have values lower than 1, that is, for 1 UAH. Of own funds account for the smallest amount of liabilities.

The normative value of the ratio of the security of own working capital is 0.1 and above.

According to (*Dod. Table 2.3.7*) better provided by own turnover enterprises Kernel - Trade, Agroton and Industrial dairy company, worse - Mironievsk bakery, Astarta-Kiev, Avangrad and Ukrprodukt.

The coefficient of maneuverability of equity capital shows how much net worth is in circulation, that is, in the form that allows freely to maneuver these funds, and which is capitalized. This indicator characterizes that part of the company's equity capital, which is the source of covering its current assets. For flexibility in the use of the enterprise's own tools, the maneuverability factor must be positive and high (*Dod. Table 2.3.8*).

Positive dynamics of this indicator are observed in Kernel-Trade, Agroton, Mironovsky bakery, Astarta-Kiev, Industrial dairy

company. The coefficient of maneuverability of equity capital showed positive dynamics in Avangard and Ukrproduct in 2010-2015, but in 2016-2020 years. it has fallen significantly, vividly indicates a high shortage of working capital, as a result of which the coefficient of maneuverability of equity capital in some years is negative.

In the effective management of any enterprise, time is a very important factor, which can both negatively and positively influence the final result of the activity. So, efficiency and expediency of the management decisions entails significant influence on the quality of the obtained result.

In a tough and not always fair market competition, leaders are asked how to channel a minimum of effort to market products, labor, or capital with the most efficient result. The answer to this question cannot be found without involving the existing production and commercial capabilities in their analysis. It is the above-mentioned components of the problem that appear in the definition of "business activity".

There are broad and narrow approaches to defining the concept of "business activity". In the broad sense, this term means the marketing and commercial promotion of the enterprise, provided that the maximum possible resource potential is attracted, with the entire spectrum of efforts directed. In the narrow sense, the business activity of the enterprise means the quality of management decisions made, characterized by highly skilled management, the completeness of the return on their efforts and the effective use of available production and commercial opportunities.

The presence of circulating assets, their composition and structure, speed of turnover and efficiency of use significantly affect the financial condition of the enterprise and the stability of its position in the financial market (*Dod. Table 2.3.9*).

Asset Turnover Ratio characterizes the efficiency of an enterprise using all available resources, regardless of the sources

of attraction. According to the group of analyzed companies it is possible to state that stable growth is observed in Rise - Agro (-0.01 - 0.28, and a negative trend is observed by Kernel - Trade (1.38 - 0.11), Agroton (0.78 - 0 , 14), Myronivsky Bakery Product (0.62 - 0.18), Astarta - Kiev (0.14 - 0.003), Industrial Dairy Company (1.14 - 0.27) and Vanguard (0.02 - -0.002) and Ukrproduct (0.47 - 0.01).

Since a certain amount of working capital needs to be invested in each asset to ensure a smooth production and sales process, the issue of the rational allocation of these funds and determining their optimal structure should be addressed by finding some compromise between the risk of liquidity decline and the risk of diminishing profits. And this can only be done if the production of high-quality competitive products is mastered.

Achieving an optimal working capital structure involves determining and estimating the amount and share of each component of inventories, work in progress, costs of future periods, finished goods, goods shipped and other components.

This is especially true for those components of working capital that are normalized. The focus is on production and finished goods stocks, with the largest share (60% and more).

If the actual working capital is less than the real need, the enterprise is in a difficult financial situation. A small shortage (15-20%) complicates the formation of current assets and current calculations, and a large shortage (more than 30%) can lead to production stoppage. The reasons for the shortage of working capital may be due to internal factors (failure to meet production plans, poor quality of products, poor marketing service, misuse of working capital, etc.), and external circumstances (high customer debt, high inflation, natural disasters, etc.).

Another factor worth paying attention to is the turnover ratio of the accounts payable, which characterizes the turnover of

the company to pay the debt to the creditors, its speed of rotation (*Dod.Table 2.3.10*).

It is known that the larger the net income, the more money can be used to pay off debt. In the denominator of the coefficient we have added indicators that describe exactly the state of accounts payable for goods, works, services; current settlement obligations and arrears secured by promissory notes issued by the enterprise.

The fluctuation of the coefficient towards its decrease is a negative trend for the surveyed enterprises, as it indicates a late receipt of funds and, as a consequence, the company is not able to repay the payment obligations within the specified time. Accordingly, we see a similar situation in Kerner companies in 2013 and 2018 - 2020, Agroton, Avangard and Ukrproduct in 2018 - 2020.

An important component of the assessment of the business activity of the company is the analysis of accounts receivable. The amount of receivables is determined by the terms of the company for settlements with its customers. The weakening of these conditions has both advantages and disadvantages.

The advantages are the increase in the volume of sales and profits, and the disadvantages are the lack of working capital, the slowdown of capital turnover, the possibility of increasing the amount of bad debts (*Dod.Table 2.3.11*).

Account receivable rate for all the companies surveyed, it is quite high and shows what speed of rotation this indicator is for each company. For example, Mironovsky Bakery and Industrial Dairy Company have high values of this indicator, which indicates a high degree of diversion of the company's financial resources by debtors and can lead to increased financial expenses due to the need for additional borrowing. The Astarta-Kyiv, Avangard and Ukrproduct companies have the lowest values for 2008-2020.

When analyzing the turnover ratio of accounts payable and accounts receivable, it should be noted that in Industrial Dairy

Company and Mironovsky bread product the receivables ratio exceeds accounts payable.

That is, during the period under review, the receivables of debtors are converted into funds at longer time intervals than the intervals when the company needs funds to pay its debts to creditors in a timely manner. In the latter case, there is a lack of financial resources in circulation, which is accompanied by the need to attract additional sources of financing, which can take the form of overdue payables, obtaining bank loans or attracting financial resources through IPOs (Table 2.4 and Table 2.5).

If we analyze the maturity of both receivables and payables, all companies have a tendency to increase, that is, the repayment period is constantly increasing and is increasing at intervals.

The inventory turnover ratio in the analyzed group of companies is quite diverse. The results of the analysis show that Kernel-Trade, Mironovsky Bakery, Astarta-Kiev, Industrial Dairy Company and Ukrproduct generally show a tendency to decrease the inventory turnover rate, that is, these enterprises do not sell any stocks in their warehouses at all.

The turnover ratio of fixed assets (return on assets) is calculated as the ratio of net proceeds from the sale of products (works, services) to the average annual cost of fixed assets. It shows the efficiency of use of fixed assets of the enterprise (table 2.6).

Table 2.4

Dynamics in the maturity of accounts payable

Companies	The maturity of accounts payable												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	-	-	59,45	40,97	39,67	81,45	85,10	79,12	45,06	37,74	102,86	119,21	133,33
Agroton	149	113	29	34,7	09,3								
Reiz-Agro	- 4529	-2467	227	13,5	27,6				4736,80	36000,0	1800,00		
MHP	242	32	88,3	6,07	3,25	91,14	139,5	134,8	26,97	28,50	89,33	70,18	61,75
Astarta-Kiev	36,1	40,33	0,84	9,54	2,07	1200	1200	1241,4	800,00	238,41	620,69	1285,7	1028,6
Industrial dairy company	103,11	119,7	3,35	25,9	05,2	42,94	136,4	262,8	67,92	55,30	26,05	28,71	33,74
Avangard	127,17	115,87	07,04	4,56	5,33								
Ukrproduct	84,88	94,32	6,70	2,26	2,13	1200	2250	692,31	197,80	188,48	545,45	766,00	4500,0

*Note. * calculated by the author based on data from financial statements of enterprises*

Table 2.5

Dynamics of the maturity of receivables

Companies	The maturity of receivables												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	-	124,15	168,98	120,07	130,82	102,86	144,00	185,57	202,25	70,73	68,31	91,60	145,16
Agroton	134	135	131	169	123,3	1058,80	352,9	1200,00	248,30	33,46	42,90	154,50	144,60
Reiz-Agro	-0,0002	-0,0002	-0,0002	-0,0003	0,008				225,00	480,00	1285,70		
MHP	420	130	160	95,80	79,35	53,49	53,25	66,06	42,35	38,63	62,39	49,52	52,94
Astarta-Kiev	124,1	110,61	128,07	-	-	705,8	1500,	2000,00	878,05	972,97	947,37	1285,71	3750,0
Industrial dairy company	287,4	230	231,01	153,36	134,69	36,66	22,03	17,34	10,95	5,96	3,79	2,74	2,76
Avangard	152,01	-	223,9	173	101,39	77,75	68,83	85,71	233,77	18000,00	11612,00	1333,30	18000,0
Ukrproduct	108,63	103,99	96,05	88,16	77,83	2000,	1714,3	1894,74	1058,82	12000,00	-36000,00	2117,65	12000,0

Note. calculated by the author based on data from financial statements of enterprises*

Table 2.6

Dynamics of change in the turnover ratio of inventories and costs

Companies	The turnover ratio of inventories and costs												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	2,78	2,50	2,97	3,34	3,96	0,51	0,37	0,52	1,10	0,49	0,68	0,49	0,45
Agroton	1,22	1,98	1,2	2,76	3,15								
Reiz-Agro	1,31	1,43	0,82	4,99	3,52				4,73	4,14	3,29		
MHP	2,48	2,45	2,69	1,64	1,54	0,90	0,69	0,88	4,30	2,37	0,81	0,88	1,28
Astarta-Kiev	22,43	9,27	16,06	12,11	14,71	0,01	0,02	0,02	0,02	0,03	0,01	0,01	0,01
Industrial dairy company	1,86	1,95	2,81	3,16	3,54	0,31	0,26	0,23	0,94	0,77	0,64	0,36	0,28
Avangard	4,26	4,71	5,15	5,42	5,87								
Ukrproduct	1,77	1,15	2,03	1,42	1,31	0,08	0,71	0,88	2,22	2,07	0,62	0,15	0,17

*Note. * calculated by the author based on data from financial statements of enterprises*

Table 2.7

**Dynamics of change in the ratio of turnover of fixed assets
(return on assets)**

Companies	Fixed assets turnover ratio (return on assets)												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	72,89	77,79	53,63	33,79	26,81	0,70	0,52	0,38	0,32	0,67	0,65	0,58	0,38
Agroton	2,02	2,45	2,91	1,71	2,13	0,23	0,70	0,17	1,22	3,67	5,54	1,43	1,13
Reiz-Agro	0,89	1,61	2,01	4,97	2,23				0,99	1,15	0,01		
MHP	0,27	0,16	0,17	0,87	0,91	0,46	0,40	0,28	0,37	0,34	0,21	0,32	0,31
Astarta-Kiev	20,57	35,19	21,63	16,71	19,8	0,06	0,04	0,02	0,03	0,03	0,02	0,02	0,01
Industrial dairy company	3,75	1,24	9,05	7,01	7,32	0,44	0,42	0,45	0,60	0,93	0,82	0,53	0,66
Avangard	1,03	1,12	1,64	2,34	2,51	0,54	0,39	0,30	0,15	-0,003	0,004	0,03	-0,003
Ukrproduct	0,46	0,34	0,39	0,32	0,40	0,08	0,08	0,07	0,13	0,01	-0,002	0,06	0,01

Note. calculated by the author based on data from financial statements of enterprises*

The inventory turnover ratio in the analyzed group of companies is quite diverse. The results of the analysis show that Kernel-Trade, Mironovsky Bakery, Astarta-Kiev, Industrial Dairy Company and Ukrproduct generally show a tendency to decrease the inventory turnover rate, that is, these enterprises do not sell any stocks in their warehouses at all.

The turnover ratio of fixed assets (return on assets) is calculated as the ratio of net proceeds from the sale of products (works, services) to the average annual cost of fixed assets. It shows the efficiency of use of fixed assets of the enterprise (*Dod. Table 2.3.12*).

According to the *Dod. Table 2.3.12* we see that as much as the return on investment decreases over the analyzed period for Kernel - Trade, Agroton, Astarta - Kiev, Industrial Dairy Company, Vanguard and Ukrproduct, they are the least efficient in using their fixed assets. Myronovsky Bread Company has the best tendency.

Analyzing the rate of return on equity, we can say that its growth in Kernel-Trade and Mironovsky bread, that is, it indicates a more efficient use of equity, and in other companies, Agroton, Astarta-Kiev, Industrial Dairy Company, and Ukrproduct inefficient use of their capital, which negatively affects the financial stability of companies, there is a decrease in equity, which is aimed at covering current liabilities and other payments to the enterprise.

Therefore, the considered turnover and duration indicators, which assess the state of business activity of the enterprise, characterize the efficiency of operating activities, because they are based on the resource status of entrepreneurship in the production and sale of products.

It should be emphasized that it is with the use of this set of indicators that we propose to prove the effectiveness of the main activity, that is, to implement the second stage of the overall process of ensuring business activity of entrepreneurship.

The conducted research makes it possible to group the analyzed enterprises into three groups: the first can be attributed to those who have improved their financial results: Avangard, Mironovsky bread, Agroton, Astarta-Kiev, Dream. The second group includes those companies that had some fluctuations in financial performance, in particular: Kernel-Trade, Rise-Agro, Industrial Dairy Company. The third group is represented by Ukrproduct Holding. This company showed a decrease in financial ratios, ie the level of financial security for the analyzed period decreased. What is the effect of the fluctuations in the indicators that characterize the level of financial security of enterprises is explained in the next paragraph.

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2.4. FINANCIAL SECURITY FOR THE AGRARIAN SECTOR OF THE ECONOMY OF UKRAINE

Today, Ukraine's agricultural sector is actually the main holder of the budget, and it provides far more than it receives. However, the development of agricultural production in the conditions of Ukraine's accession to the WTO and the intensification of globalization processes is impossible without improving its financing.

The only path for Ukraine to get rid of the role of the commodity country is to increase the added value in the agrarian sector thanks to the development of production capacities of processing products by national producers. High-tech, waste-free production should become the goal of the development in the domestic agrarian sector. It is estimated that the annual yield in Ukraine is within 50-60 million At an internal demand of 20 million tons of grain commodity prices, this is only \$6 billion, Or 6% of GDP. By increasing the value-added through deeper processing by a factor of five, it is possible to get already \$ 30 billion, Or + 30% of GDP. This can also be achieved through a transparent and effective mechanism for allocating public subsidies to the agro-industrial complex . It is estimated that a five-fold increasing in value added in the Agro-industrial complex will result in the creation of 1 million New jobs, the multiplier effect will result in the fact that up to UAH 20 of additional GDP can be received for 1 rubles Invested in the Agroindustrial complex. That is, investments of 1.5% to GDP will generate up to 30% of the gross additional product, but with a transparent mechanism of allocation of allocated resources and a system of control over their target using [16].

The financing could be at the expense of own, attracted and borrowed funds. The state supports the agrarian sector by means of indirect methods, which allow to save financial resources in carrying out certain activities and allow to leave a part of profits, is taxed in other branches of economy.

Indirect methods include the procurement of food for state needs and agricultural products; debt restructuring, regulation of the production market, the establishment of marginal prices for certain types of agricultural enterprises of products, the protection of the economic interests of commodity producers in foreign economic activities in sphere of agro-industrial complex, etc.

To reinforce the productive capacity and positions in the consumer market, to ensure favorable organizational and economic conditions for the functioning of the agrarian sector, directed a conditional-direct form of state support through mediated forms. These include government procurement, foreign economic customs and tariff regulation, the creation of wholesale markets, the implementation of state programs, the provision of agricultural sector subjects with a machine-tractor park on lease or lease conditions, social support for the village and so forth.

Today, financial security of the agrarian sector in Ukraine is carried out mainly through a set of programs, each of which aims to increase the efficiency of production and profitability of the commodity producer. At the same time, due to the lack of funds of the State budget of Ukraine, this support is 80% administrated at the expense of favorable tax policy, is an indirect form of subsidies to the industry.

Analyzing the State budget of Ukraine for 2019-2020, It can be argued that under the pressure of external and internal factors adopted by the state budget for 2019, a relatively new mechanism for supporting the Agro-industrial complex was formed, Which significantly limited the effect of indirect financing and regulated the annual volume of state budget funds for support of agricultural commodity producers of at least 1% of production in the agro-industrial complex for 2019-2020.

The level of agricultural production in 2017 was taken as a basis and fixed at the level of 5500000000 UAH budgetary funds [7]. This trend has been partly "inherited" by the 2020 state budget for 2020 for the Ministry of Agrarian Policy and

Food, 12456000000 UAH was provided for expenditures, which by 94% were planned to be financed from the General Fund (table 2.8).

Table 2.8

Expenditure pattern of the Ministry of Agrarian Policy and foodstuffs of Ukraine for 2015 - 2020 uah billion

Indicators	Year						deviation by %	
	2015	2016	2017	2018	2019	2020	2020 to 2015 .	2020 to 2019 .
Total cost	7,194	5,501	2,188	2,171	9,572	15,096	210,0	157,7
General Fund	4,175	3,359	1,613	1,691	5,565	12,769	306,0	229,5
Breakdown of costs in the state budget, %	58,0	61,1	73,7	77,9	58,1	84,6	145,9	145,6
Specific fund	3,018	2,142	0,511	0,498	4,006	2,327	77,1	58,09
Proportion of expenses in the state budget, %	1,78	1,28	0,37	0,32	1,20	1,97	110,67	164,17
machine costs, thousand Uah	3,613	2,637	0,526	0,596	5,820	7,763	214,86	133,38
Common Fund	1,669	1,487	0,450	0,504	2,360	6,659	398,98	282,16
Trust fund	1,944	1,150	0,076	0,092	3,461	1,105	56,84	31,93
Lending	0,623	0,021	0,381	0,087	0,842	0,952	152,81	113,06

** Compiled according to the Law of Ukraine State budget »for the corresponding year*

In addition to the main financing, it is planned to allocate 0952000000 UAH credit funds on a returnable basis (without taking into account funds, during the year will be returned by economic entities), and as a whole direct expenditures in the State budget of 2020 for the Ministry of Agrarian Policy and Foodstuff reached 13.997 billion uah, which is 22% higher than the level of 2019[8]. In the list of budgetary programs to maintain the development of the agrarian sector in 2020, other programs that were already in place, as well as a new one "Financial security for the development of farms" – was declared as the basis for the development of rural areas (table 2.9).

Table 2.9

Expenditures on budgetary programs of Ukrainian agro-industrial complex development 2015-2020, Billion. UAH

Programme	Code	2015 year	2018 year	2019 year	2020 year	deviation by %	
						2020 to 2015	2020 to 2019
financial assistance for this option to reduce the cost of credit	2801030	0,291	0,280	0,300	0,266	91,41	88,66
Financial support for the activities in APK	2801180	-	-	0,060	0,005	-	8,33
Costs of agricultural fund	2801250	0,040	0,088	0,167	0,181	452,50	108,38
Horticultural support	2801350	-	-	0,075	0,400	-	533,3
Financial security for farm development	2801230	-	-	-	0,210	-	-
livestock promotion	2801450	0,040	0,030	0,170	2,401	6002,5	1412,35
Financial support to agricultural producers	2801580	-	-	4,774	0,695	-	14,56
Agricultural support(sum)		0,371	0,398	5,546	4,158	1120,75	74,97
Other activities(sum)		0,155	0,198	0,274	0,325	209,68	118,61
Scientific research	2801050	0,086	0,099	0,125	0,132	153,49	105,60
Sum	2801000	0,526	0,596	5,820	4,483	852,28	77,03

According to the data, in 2020, direct budgetary support for the agricultural sector was 4200000000. UAH, Of which the following expenses are the most important are: - financial support of livestock - 2400000000. Uah (58%), in particular, for partial reimbursement of the cost: construction and reconstruction of livestock farms and complexes and milking halls; purchased for the subsequent reproduction of bodies, netels, cows of native

origin and tribal bodies, netels, cows of dairy, dairy and meat direction of productivity, breeding pigs and herds, breeding sheep; sheep, yrock; the reduction of interest on loans for construction, reconstruction of livestock farms and complexes and milecars.

For 2020, the mechanism for partial compensation to enterprises in the agricultural sector of interest rates on bank loans has been preserved, but significantly below the levels of previous years - only 23%. The expenses under the budget program "Agrarian fund Expenses", connected with a set of measures on storage, transportation and export of objects of the state price regulation of the state intervention fund, in the amount of 52200,000. UAH. From a special fund, identical to the budget for 2019, and under the budget program "Organization and regulation of the activities of institutions in the system of agro-industrial complex and ensuring the activities of "The Agrarian fund", the state budget expenditures in the amount of 128 400 000 UAH are provided, including at the expense of the general fund - 86400000 UAH.

For the purchase of seeds for the formation of the state reserve seed fund of financial support will be 5 thousand Uah. At the expense of the special fund of the state budget.

Overall, there has been no positive growth in support of individual agricultural sector development programs, given that the percentage value of the total expenditure in 2019 is 0.7%, in 2018 - 0.25%, in 2017 - 0, 3%. And according to the legislation of Ukraine, the share of the state support expenses of the agrarian sector should be at least 5% of the expenditure part of the State budget. The real amount of financing does not reach the declared indicators. Therefore, the implementation of the mechanism of providing financial support to agricultural enterprises, in our opinion, is mistakenly leveled, since the majority of commodity producers of the agrarian sector thanks to it "kept afloat".

Most often, agricultural enterprises use bank credit as the

fastest way to attract financial resources. However, high interest rates on the loan, short term of granting of the credit limit the use of this method by agrarian enterprises in the agrarian sector of the economy of Ukraine. For example, average interest rates on loans to agricultural enterprises ranged from 15.9% in 2012 to 24-26% in 2017, 17-22% in 2019, and 17-24% in 2020 [14].

Bank loans are the main source of small financial resources, mainly for current expenses, updating of production capacities, financing of working capital. The domestic banking system, due to the introduction of progressive credit mechanisms for agrarian enterprises, plays an important role in the continuity of the reproduction process and the development of entrepreneurial activity in the agrarian sector of Ukraine, precisely due to the scale of obtaining funds in comparison with self-financing.

The study found that today only the operational activities of agrarian enterprises are credited, but there is a shortage in resource ensuring of their production needs.

Although loans to the agro-sector by domestic commercial banks increased from 55 billion to 68 billion by 2016-2020 UAH, Or 23.6%, its share in the loan portfolio of banking institutions remained almost unchanged, does not correspond to the existing potential of the agricultural sector of the country.

Analysis of the NBU data on loans provided by non-financial corporations to non-financial corporations on organizational and legal forms of economic activity and currencies (Table 2.10), indicates that bank lending to domestic farms is low.

Thus, the balance of credit funds to farms at the beginning of 2019 was 6 billion 976 million UAH, Which is equivalent to only 0.8% of total credit mass and 7.9 % of commercial banks loans granted to domestic enterprises. According to this indicator, farms were significantly inferior to domestic state, private and subsidiary enterprises. At the same time, 94% of the credit balances of farms were in national currency and 6% - in foreign

currency.

Table 2.10

**Dynamics of credit ensuring of agrarian sector in
Ukraine economy, 2016-2020 years**

Rate	Years					deviation 2020 y. to 2019 y.
	2016	2017	2018	2019	2020	
The number of entities that attracted loans, units.	2267	2689	2801	3011	3041	30
Loans were given to the agricultural sector - total, billion UAH	10,9	23,4	31,5	40,3	43,5	3,2
Short -term	7,8	22,9	29	36,5	38,7	2,2
Mid-term	2	0,1	2,3	3,5	4,1	0,6
Long - term	1,1	0,4	0,2	0,3	0,7	0,4
Number of subjects that attracted preferential credits	-	439	347	382	403	21
Received concessional loans, million Uah	-	300	162,8	294,9	653,8	358,9

Source: Created by the author on the basis [13, 14]

Therefore, the experience of lending US households deserves attention. In the system of crediting of agrarian business the leading place is occupied by The Farm credit system and the Agency of farmers' Services. In France, independant cooperative banking groups account for more than half of agricultural sector lending. Poland's experience points to a system of cooperative banks through which about 90% of credits for the production of sylskophopresents, processing and trade in agricultural products pass. The system itself has a three-tier structure and consists of the main bank, credit unions and an extensive network of regional and local banks.

The using of this instrument of cooperation with the agricultural sector also demonstrates the high level of preferential lending. Preferential lending is that the farmer pays a certain amount of interest, and the other interest-rate differentials are

returned by the state. In Poland, for example, the bank receives funds from the state and distributes them to its regional offices, and they distribute them to borrowers.

Overall, credit rates have now fallen and profitability in agriculture has fallen, but for many enterprises credit remains an unaffordable tool for attracting external funds.

Table 2.11

**Capital investment by economic activity in Ukraine,
million UAH**

Indicators	2016 year.	2017 year.	2018 year.	2019 year.	2020 year.	2020 year. to 2016 year., %
Total	219420	273116	359216	448462	526342	138,9
Including Agriculture, hunting and related services	18388	29310	49660	63401	64730	252,0
Rural, forest and fishery household	18796	30155	50484	64243	65901	250,6
Industry	86242	87656	117754	143300	179718	108,4
From it food production food, beverage and tobacco	13487	13548	21291	18927	19872	47,3
Other economic activities	40629	71081	89992	115000	134398	231,0
Construction	36057	43464	44444	52176	51902	43,9
Wholesale and retail trade; repair of vehicles and motorcycles	20716	20663	29957	33665	47597	129,8
Transport, warehousing, postal and courier activities	15948	18704	25107	37944	44921	181,7
Temporary accommodation and catering	1482	1393	1478	2134	1904	-28,5

Calculated on the basis of the data of the State Statistics Service of Ukraine

Investment is another source of financing for the agricultural sector. After a certain decline in 2016 (connected with the political crisis, military events in Ukraine and investors estimates of the expected risks from these events), the pace of investment of domestic agricultural enterprises began to recover. The volume of investments (*Dod. Table 2.4.1*) shows that the agricultural sector is becoming more attractive for investors.

In Ukraine, capital expenditures in 2020 amounted to 526342 million UAH, That by 138.9% more, than in 2016 Considering investments by individual types of economic activity, we see that the increase in the overall indicator is due to increased investments in agriculture, forestry and fisheries - by 250.6% and industry - by 108.4%, investments in transport, warehousing, postal and courier activities - by 181.7%.

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In the regional section the composition and structure of capital investments in agriculture is given in Table (Table 2.22).

The calculated figures show that for 2016-2019, the total amount of capital investments in agriculture, hunting and related services increased by 45012 million Uah In 2016, the volume of investments increased in almost all regions of the country: In Vinnytsia (2.18 years), Volyn (2.8 times), Dnepropetrovsk (2.7 times), Zhytomyr (5 times), Ivano-Frankivsk (2 times), Kiev (2.9 times), Kirovograd (2.8 years), Nikolaev (3.5 years), Odessa (4 years), Poltava (3 times), Rivne (5 years), sums (3 times), Kharkov (3.9 times), Khmelnytsky (3.3 times), Chernivtsi (5%), Chernigov (4.1 times).

Table 2.12

**Composition and structure of capital investments in
agriculture, hunting and related services by regions of Ukraine**

Regions	2016		2017		2018		2019	
	Thousand Uah	%	Thousand Uah	%	Thousand Uah	% to the total spread in the world	Thousand Uah	% to the total volume in the region
Vinnitsia	1528062	8,31	2143245	7,31	3327299	6,70	4576192	7,2
Poltava	1568230	8,53	2000578	6,83	3580333	7,21	4760157	7,5
Rivne	284596	1,55	400050	1,36	491918	0,99	1433936	2,3
Sumy	814875	4,43	1242751	4,24	2067312	4,16	2726306	4,3
Ternopil'ska	586936	3,19	909006	3,10	1628197	3,28	2541722	4,0
Kharkiv	918938	5	1789450	6,11	3033031	6,11	3600071	5,7
Kherson	661025	3,59	1285107	4,38	2370358	4,77	3183564	5,0
Khmelnysky	814944	4,43	1553262	5,30	1810545	3,65	2704369	4,3
Cherkasy	1148333	6,24	1602219	5,47	2685270	5,41	3178515	5,0
Chernivtsi	271108	1,47	247052	0,84	224712	0,45	284600	0,4
Chernihiv	820852	4,46	1275167	4,35	2094353	4,22	3375033	5,3
Kiev	455402	2,48	894632	3,05	1245625	2,51	1557463	2,5
Dnepropetrovsk	1323624	7,2	1696054	5,79	3605515	7,26	3864461	6,1
Donetsk	321349	1,75	497787	1,70	876746	1,77	1313034	2,1
Zhytomyr	503479	2,74	815375	2,78	1276074	2,57	2622565	4,1
Transcarpathian	41196	0,22	65551	0,22	84139	0,17	96400	0,2
Zaporozhye	603509	3,28	1215202	4,15	2610710	5,26	2926840	4,6
Ivano-Frankivsk	374530	2,04	927642	3,16	480045	0,97	794222	1,3
Kiev	1593666	8,67	2793917	9,53	4104663	8,27	4662796	7,4
Kirovohrad	1259610	6,85	1849022	6,31	3626192	7,30	3431112	5,4
Lugansk	199023	1,08	285442	0,97	1488210	3,00	1190591	1,9
Lviv	447934	2,44	649705	2,22	1092078	2,20	1338783	2,1
Mykolaiv	709594	3,86	1226314	4,18	2491069	5,02	2581986	4,1
Odessa	852161	4,63	1153258	3,93	2626708	5,29	3546975	5,6
Ukraine	18388075	100	29309679	100	49660031	100	63400739	100,0

Calculated on the basis of the data of the State Statistics Service of Ukraine

In the face of current challenges, agricultural enterprises compete with foreign companies that have a large volume of material, innovative and corporate resources, have a perfect management system and more experience of successful activities in the market conditions.

At the beginning of 2020, 474 investment projects were implemented in the CPC of Ukraine (cost from 0.1 to 9600000000. UAH) With A Total cost of almost 41300000000. Uah (At the beginning of 2019 380 investment projects for 27900000000. Uah). The main source of financing of capital investments was the own funds of producers (74.3%). Investment projects are aimed at: Livestock development - 23.6% of the total number; poultry farming - 5.7%; processing, storage of grain and technical crops - 18.6%; vegetable and fruit storage - 12.2% [12].

In order to be worthy and successful competitors, it is necessary not only to increase the scope of activity, production capacity, improve the quality of products, but also to manage capital, increase the value of enterprises and the market price of shares, market capitalization.

The increase in market capitalization of the enterprise causes additional interest among investors, which contributes to the inflow of financial resources, increase of the image of the enterprise, increase of the competitiveness of products; the increase in the value of the enterprise increases the improvement of shareholders by increasing the exchange rate value of shares; the increase of capitalization level allows the enterprise to enter the international stock market [1].

Market capitalization can be increased through HDI. So far, the most developed enterprises prefer the primary placement of IPO (initial Public offering) shares on international stock exchanges. This is the most effective way to attract capital. As foreign practice shows, in the West the placement of shares is one of the main instruments of financing the further development of the enterprise[3, p.96].

Thus, the total amount of funds was attracted during the IPO in the world stock markets in 2020, amounted to 205 million In the US, The share of GDP in the world's total GDP is \$1 billion, Up 6% from 2019. But the number of transactions is 17% less than last year and is 1359.

Table 2.13

**Agreements on the initial placement of shares of
agro-industrial enterprises of Ukraine**

Year	Name of enterprise	Stock Exchange	The share of capital, which is placed in the western markets, is %	Funds raised, mln. Dollars USA
2008	Astarta-Kyiv	WSE	19	32
2009	Kernel	WSE	38	218
	Landcom International	LSE	55	111
	CreativGroup	FWB	23	30
	LandWest	FWB	20	52
	UkrRos	FWB	20	42
2010	Kernel	WSE	9	84
	Landcom International	LSE	10	22
	MHP	LSE	19,4	323
	Mriya Agro Holding	FWB	20	90,1
	Sintal Agriculture	FWB	15	35
2011	Landcom International	LSE	10	4
	Sintal Agriculture	FWB	17	13
2012	Kernel	WSE	6,3	81,4
	Avangard	LSE	20	187,5
	Agroton	WSE	26	54
	Milkilend	WSE	22	80
2013	Kernel	WSE	6,8	142
	Agroliga	WSE	17	1,4
	KSG Agro	WSE	33	40
	Ovostar Union	WSE	25	33
	Industrial Milk Company	WSE	24	29,7
	Westa ISIC S.A.	WSE	25	46
2015	Cereal Planet PLC	WSE	13,9	2,25

* written by the author on the basis of [5,6]

It is worth noting that the number of transactions concluded is not directly proportional to the amount of capital attracted, these indicators are not correlated among themselves, since the decisive moment in the success of the company is the correct moment of entering the stock market.

Table 2.25 shows the agreements of the initial placement of shares by agrarian enterprises of Ukraine.

As we see in 2009, 2010 and 2013, the largest HDI among Ukrainian agro-industrial enterprises was observed. By investing in the Ukrainian agro-industrial sector, Western investors expect a global food crisis and a moratorium on the sale of agricultural land.

Table 7 also shows that the main exchanges on which the shares of Ukrainian companies are placed are the Warsaw Stock Exchange (WSE), the London Stock Exchange (LSE), and the Frankfurt Stock Exchange (FSE). Such active use of the Warsaw Stock Exchange is due to the fact that it is the only stock exchange that has a working representation in Ukraine, as well as the requirements to the prospectus of emission on it are very close to the requirements of Ukrainian legislation.

The last time the IPO-activity of Ukrainian agro-industrial enterprises was observed only in 2015, when the group of companies "Cereal Planet" entered the market. Recent years have been characterized by a significant number of canceled and deferred IPOs. Ukrainian agro-business did not fail this trend either - in 2013. The IPO of the producer of sunflower oil "ViOil" was canceled. Since 2014. It was reported about the intentions of "Lotura Agro", "Agro Soyuz" to leave the IPO. In 2017, they thought about the IPO and abandoned this idea of "UkrLandFarming", "Svarog West Group", "Ukrgranprom", "Apple Gift". In 2018, there were also no reports of the intentions of agro-industrial enterprises to implement the IPO [4].

The majority of agro-industrial enterprises attracted funds for development of production efficiency, investing in

technologies and equipment, modernization of factories and farms, increase of elevator capacities, as well as purchase of land. "Industrial Dairy Company", attracting on the Warsaw Stock Exchange in 2013 at the expense of IPO 124400000. The amount of its land bank increased to 120 thousand Hectares. "Agroton" in 2012 on the Warsaw Stock Exchange and "Avangard" on the London attracted 54 million, respectively \$18750,000 and \$18750,000 After that, by the end of the year, the volume of land funds increased to 170 thousand Hectares in "Agroton" and to 164 thousand Hectares in "Vanguard". The area of land in the processing of "Astarta" increased from 90 thousand Hectares in 2008 to 250 thousand Hectares.

Table 2.14 shows the volumes of the land bank of agro-industrial enterprises from 2015 to 2020.

Table 2.14

Volume of land bank of agro-industrial enterprises
(Thousand, Uah)

Agro-industries	2015ye ar.	2016ye ar.	2017ye ar.	2018ye ar.	2019ye ar.	2020ye ar.
UkrLandFarming	670	654	654	650	605	570
Kernel	422	422	390	602,5	602,5	560
MHP	360	360	360	370	370	370
Astarta-Kyiv	245	245	245	250	250	250
Milkiland	20,9	23	23	23	23	23
KSG Agro	91,4	94	33	33	33	30
AgroGeneration	120	120	120	120	120	120
Agroton	120	120	108	151	151	110
Industrial Milk Company	136,7	136,7	136,7	137	137	129,6

** written by the author [2]*

From the results of Table 2.14, it can be seen that by 2018. Agrarian holdings adhered to the strategy of building the land bank. The most active in the increase in the size of the land bank was the agroholding "Kernel", acquiring a hundred percent share of "Agro Invest Ukraine" (MHP Group) and assets of "Ukrainian Agrarian Investment", increased the size of its sowing areas to 600 thousand Hectares, which positively influenced the market capitalization of the agro-holding: It increased by 14.1% and amounted to 1430000000. Dollars. Agroholding "MHP" has exchanged assets with Agrokultura. In addition, MHP has broken up with its assets in exchange for land with an area of 60 thousand Hectares located in the Lviv, Ternopil and Ivano-Frankivsk regions. As a result, the agro-industrial enterprise owns a land bank of 370 thousand Hectares, and market capitalization increased by 4.7%. The market capitalization of other agro-industrial enterprises has also increased: Astarta-Kiev by 18.5%, Ovostar Union by 0.6%, and IMK by 16.5%. Accordingly, the increase in the volume of land owned by agro-industrial enterprises and the increase in production capacity will generate large profits, is an internal source of increasing capitalization of agro-industrial enterprises. Since 2019. 7 agro-industrial enterprises have reduced the amount of land they own. The main reasons include poor management of land from the point of view of logistics, increased cost of rent for land use, difficulties of access to financial resources, devaluation processes, significant closure of external markets for livestock products. It should also be noted that agro-industrial enterprises are changing priorities, focusing on the efficiency of doing business, managing this land and improving IPO productivity, it allows to enter the international stock market, which is a source of attraction of financial resources, to establish new connections that will affect the prestige of the company, to determine reliably the market value, to increase the level of trust in the company and its status. In addition, the market of IPO to promote the economic

development of Ukraine as a whole. Mass carrying out of IPO gives impetus to capital movement in economy, structural adjustment, development of processing and science-intensive industries, stimulates venture financing, as creates an effective way of venture investor leaving business [7, c. 117].

Table 2.15 shows information about agro-industrial enterprises in the breakdown of world exchanges.

Table 2.15

Indicators of Ukrainian agro-industrial enterprises listed on the world stock exchanges as of November 11, 2020

Agro-based industries.	currency	Capitalization, mln dollars	Bid price	Selling price	Final price	Change from the beginning of the year
MHP	USD	1 297	12,10	12,30	12,15	5,7%
Kernel Holding	PLN	1 115	50,70	50,90	50,90	7,1%
Astarta-Kyiv	PLN	196	29,40	29,90	29,30	-43,1%
Ovostar Union	PLN	167	105,00	108,00	104,00	18,2%
Industrial Milk Company	PLN	111	12,15	12,45	12,50	0,2%
Avangard	USD	20	0,26	0,27	0,32	-11,1%
Agroton	PLN	20	3,42	3,49	3,40	-25,8%
Milkiland	PLN	7	0,61	0,75	0,80	-48,1%
KSG Agro	PLN	4	0,91	0,91	0,90	-55,2%
Ukrproduct	GBP	2	4,50	5,00	4,75	-5,0%

** compiled by source [8]*

Thus, two agroholdings of MHP have the largest market capitalization - 1297 million The amount of USD 1,1115 million and Kernel USD 1,215 million Unlike most agro-industrial enterprises, they also have a positive increase in market capitalization since the beginning of the year. They are leaders in terms of sales and net profit. For more detailed analysis, table 10 shows the dynamics of market capitalization of agro-industrial enterprises from 2015 to 2020.

Table 2.16

**Capitalization of agro-industrial enterprises in
December 2015-2020 (mln. PLN)**

Agro-industries	Years					
	2015	2016	2017	2018	2019	2020
Kernel holding	2574	2490	3868	5120	4052	3670
Astarta holding	1055	626	874	1351	825	561
Ovostar Union	432	438	534	510	588	489
IMK	307	188	191	255	413	518
Agroton	62	29	23	87	88	64
Milkiland	212	72	50	58	27	13
KSG Agro	-	16	15	32	15	16

written by the author according to the data [8]

In 2016. The market capitalization of all the agricultural enterprises under investigation has decreased considerably. The main reasons include: Military actions in the territory of our country, corruption, uncertainty on land issues and tax reform. Additional pressure on agro-industrial enterprises had a revaluation of debts in foreign currency and an increase in the cost of material and technical resources for the devaluation of the hryvnia.

The drop in market capitalization in 2018 is investors' reaction to the suspension of VAT refunds on exports. But

already since 2019. There is growth, which is connected with the stabilization of the macroeconomic situation in the country.

So capitalization allows enterprises to work in difficult economic conditions. Increasingly, agro-industrial enterprises are carrying out IPO, this allows attracting additional financial resources and increasing the level of market capitalization. As practice shows, some of the received funds are directed by agro-industrial enterprises to increase the volume of the land bank, in turn, affects the increase in the level of market capitalization.

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2.5. EFFICIENCY OF COMMERCIAL BANK LOAN PORTFOLIO MANAGEMENT: WAYS OF IMPROVING CREDIT RISK ASSESSMENT METHODS

The banking system is one of the most important aspects of the country's economy, which is why today there is great interest in the proper functioning of commercial banks. The stable functioning and strong development of the banking system is one of the prerequisites for the successful development of the country's economy. However, in recent years, the banking system of Ukraine has operated in conditions of uncertainty, financial instability, political changes and foreign occupation of the country with the threat of invasion of the eastern and southern regions. Problems in the banking system were transferred in the form of a banking crisis under the influence of macroeconomic and political factors, military conflict. The goal of the reform program proposed by the National Bank of Ukraine is to improve the banking system. It led to a significant reduction in risks and the number of problems and brought about significant changes in the banking system. [26]

A stable banking system of the country proves the good performance of the country as a whole. The main source of banks' income is its profit from credit transactions, which is why the main task the bank management faces today is the effective management of the credit portfolio of a commercial institution. Inefficient management of a credit banking institution leads to an increase in the risks of credit operations, which results in loss and loss of invested resources.

The customers lending is the key main economic function of banks. The economic condition of the regions served by banks largely depends on how well the banks implement their credit functions. Bank loans contribute to the establishment of new enterprises, to increased number of jobs, as well as ensuring economic stability. Crediting activity provides financial

resources to all branches and spheres of the national economy, which have repercussions of available monetary resources lack. [1-5, 7-10]

The portfolio theory proposes to consider the totality of all loans with their mutual influence and interdependence rather than an individual loan.

A credit portfolio is a set of all credits or loans issued by a bank for the purpose of income obtaining.

A credit portfolio is a characteristic of the structure and quality of loans granted, classified according to certain criteria (a set of bank requirements for loans granted).

The volume of the credit portfolio is estimated by the book value of all bank loans, including overdue, extended, and doubtful loans. In the structure of the bank's balance sheet, the credit portfolio is considered as a single whole and a component of the bank's assets. It is characterized by profitability indicators and the corresponding risk level.

The main goal of the bank's credit portfolio management process is ensuring the maximum profitability at a certain level of risk. The level of the credit portfolio profitability depends on the structure and volume of the portfolio, as well as on the level of interest rates on loans. The formation of the structure of the bank's credit portfolio is significantly influenced by the specifics of the market sector served by this bank. For specialized banks, the structure of the credit portfolio is concentrated in certain sectors of the economy. Long-term lending is typical for mortgage banks. The structure of the credit portfolio of savings banks is dominated by consumer loans and loans to individuals.

The quality of the credit portfolio significantly affects the level of riskiness and reliability of the bank, which is why credit activities are subject to regulation by supervisory authorities in many countries. Established restrictions and regulations, as well as rules for banking activity regulation, play an important role in the process of forming a credit portfolio.

The size of the bank's capital significantly affects the total volume of obtained and borrowed funds, and therefore, the amount of credit resources. The indicator of the amount of the bank's capital is applied in setting limits and restrictions in the process of regulating the lending activities of banks. Thus, all lending regulations established by the National Bank of Ukraine are calculated in relation to the bank's capital. Therefore, the amount of the bank's capital determines the volume and structure of its credit portfolio. [7-10, 11, 12]

The characteristics of the bank's credit portfolio are also determined by the experience, qualifications and specialization of credit employees, since one of the credit management rules is that the bank should not grant loans that cannot be professionally assessed by specialists.

The credit portfolio is a set of loans issued that are classified based on various criteria. The following classification of bank loans is most acceptable:

1. By main categories of borrowers:

- loans to branches of the national economy;
- loans to the population;
- loans to state authorities.

2. By the target:

- production (replenishment of working capital and fixed assets);
- consumer (population consumer goals).

3. By loan term:

- fixed-term, *i.e.* provided for the period specified in the contract, which in turn are divided into: short-term (up to 1 year); medium-term (1-3 years); long-term (more than 3 years) ones.

A short-term loan is granted to enterprises to cover the costs of working capital formation for a period of up to one year. Medium- and long-term loans are provided to enterprises to cover the costs of fixed assets formation for a period of more than one year. The term of loan is determined by the long-term operation

of fixed assets and the transfer of their value to the product in parts;

- On demand (on-call) loan - issued for an indefinite period. The borrower must repay such a loan at the first demand of the bank. If the bank does not demand repayment, the loan is returned at the discretion of the borrower;

- overdue loan, for which the payment term specified by the credit agreement has passed;

- deferred (prolonged), in respect of which, at the request of the borrower, the bank made a decision to postpone the repayment terms of the loan to a later date.

4. By loan collateral:

- secured (pawnshops), which are provided as collateral (property pledge, surety, guarantee, loan default risk insurance, *etc.*);

- unsecured (blank) loans provided without security. Unsecured (blank) loans, which are called trust loans in banking practice, are provided only under the borrower's obligation to repay the loan. They bear a high risk for the bank, and, therefore, require a more thorough study of the borrower's creditworthiness and are provided at a higher interest rate.

5. By methods of provision:

- on a one-time basis, when the decision to grant is made separately for each loan;

- in accordance with an open credit line, *i.e.* loans are granted within the limits of a predetermined lending limit without agreeing the terms of the credit agreement with the bank each time;

- guaranteed - the bank undertakes an obligation, to provide a certain amount of a loan to the client during the relevant period in case of necessity.

6. By number of creditors:

- provided by one bank;

- consortia, i.e. those provided by a consortium of banks, in which one of the banks assumes the role of manager, collects the amount of resources required by the borrower from participating banks, draws an agreement and grants a loan. The manager bank is also engaged in the distribution of interest;

- parallel loans involve the participation of several banks in loan provision. Here, different banks provide loans to the same borrower, but on the same - pre-agreed - terms.

7. By the repayment order:

- gradually (in installments);

- concurrently with the credit agreement expire date;

in accordance with special conditions defined by credit agreements.

8. By nature and method of interest payment:

- with a fixed interest rate;

- with a floating interest rate;

- payment of interest as the provided funds are used (ordinary loan);

- the payment of interest concurrently with receiving the loan (discount loan).

9. By the risk degree:

- standard;

- non-standard (credits under control, doubtful and bad debts).

The majority of Ukrainian scientists define the credit portfolio as the set of all loans granted by the bank with the purpose of obtaining profit. However, the credit portfolio is not just a passively formed set of loans, but the result of dynamically developing active purposeful actions of the bank.

The bank's credit portfolio should be considered as an embodiment of the bank's credit policy, which in turn is an integral part of its overall development strategy. Profitability and risk are the main parameters of the bank's credit portfolio

management. The ratio of these indicators determines the effectiveness of the bank's credit activity.[1-7, 10, 20]

In order to activate the role of the credit portfolio as a tool for increasing profitability from credit operations, it must be considered from three points of view.

First, the bank must introduce a credit portfolio according to the requirements of the state credit policy in accordance with its implementation position. This is a strategic credit portfolio in which the prospects for increasing the bank's credit activity are determined, the ratios in the distribution of loans by terms, industries, regions, business structures and consumers are established, priorities are determined in lending to small and medium-sized businesses, servicing external and internal commodity circulation, *etc.*

Secondly, prior to drawing up the agreements, the bank forms a credit portfolio on the basis of volumes and taking into account the structure of the strategic credit portfolio, *i.e.* according to state priorities. The bank selects loan projects that meet the basic requirements of lending from those submitted by potential borrowers. This is a pre-contractual (potential) or tactical credit portfolio in which the strategic portfolio is decomposed.

Thirdly, it is the portfolio of actually granted loans, or the actual credit portfolio, which is now generally recognized. However, the assessment of its quality should be carried out not only in the traditionally established order, but also based on the signs of complete implementation of the tasks of the strategic credit portfolio. In such a situation, the credit portfolio takes its due active place not only in an individual bank credit activities management, but also in the banking system as a whole, contributing to solving the problems of ensuring the national economy potential growth. Figure 1 represents the structure of the commercial bank's credit portfolio.

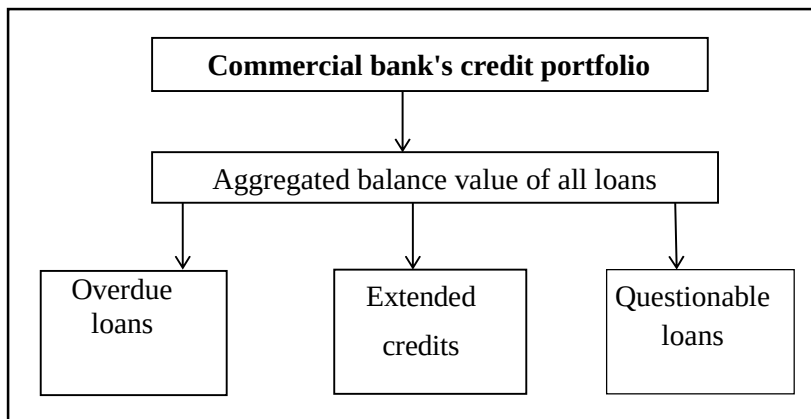


Fig. 2.8. Structure of a commercial bank credit portfolio

Source: compiled by the authors based on their own research [26]

The bank's stability, reputation and financial success largely depend on the credit portfolio structure and quality. Therefore, the bank must analyze the quality of loans, conduct independent examinations of large credit projects and events, identify cases of the legal credit policy deviation.

Constant analysis of the credit portfolio in the bank's management system makes it possible to choose an option for the rational allocation of resources, directions of the bank's credit policy, reduce risk due to the diversification of credit investments, make a decision on the feasibility of granting loans to clients depending on their creditworthiness, industry affiliation, forms of ownership, etc. The results of the analysis make it possible to make decisions on changing directions and methods of lending.

The analysis of credit transactions should be carried out in the following sequence:

- the volumes of the bank's credit activity is analyzed compared to previous periods and other banks;
- loans flow is analyzed;
- loans turnover is calculated;

- the level of credit investments diversification is determined in order to maximum reduce the risk of loan non-repayment;
- loan repayment is assessed;
- a quantitative assessment of the structure of the credit portfolio is carried out depending on various classification features;
- the quality of the credit portfolio is revealed considering the risk and the degree of credit security;
- profitability and efficiency of credit operations are analyzed.

Banks submit "Report on the credit portfolio" of the Form 301 monthly to the Department of On-Site Supervision through the regional offices of the National Bank of Ukraine. The report contains summary information on the content of the bank's credit portfolio. The main purpose of the form is to provide an overall picture of the bank's credit activity in order to further assess the interest rate risk and liquidity risk.

The credit portfolio is divided into interbank loans and loans granted on the non-bank market according to market type. The report distinguishes both loans received from banks and loans granted to banks, which makes it possible to compare the structure of active and passive interbank transactions.

The non-banking market is represented only by active banking operations, which are essentially credit ones. By borrower type, these operations are divided into loans granted to:

- general state administration bodies including central and local bodies of state administration;
- individuals;
- enterprises.

Loans granted to business entities are displayed in the report separately for each type of transaction. Each of the types of credit transactions with business entities must be presented in the report considering the form of ownership:

- state enterprises;
- non-state enterprises.

Also, examining the credit activity of the bank requires considering the characteristics of the banking system in Ukraine in general. Over the past few years, the banking system of Ukraine faced the global financial crisis, which, unfortunately, paused the development of banks and undermined the population confidence in the banking system as a whole. Banking crises, like crises of any enterprise, are common occurrence a market economy in which the strongest survive. A bank that does not meet the requirements of the external environment must either adapt and use its strengths, or disappear.

Ordinary banking activity is only possible when citizens trust their state and its financial system. And to date, the citizens' trust in the banking system has been undermined. The further activity of each bank is determined by citizens who are actual and potential clients. The situation observed in October 2008, when mass panic actions of the population nearly destroyed the banking system of Ukraine was dangerous for banks despite the significant growth rates recorded during the previous years. Therefore, currently the issue of restoring confidence in the banking system is extremely urgent and requires active actions to solve it.

The decrease in the deposits volume, which has been observed since 2008, was the first signal of the deterioration of both individual banks and the banking system liquidity. This decrease was not only quantitative, but also qualitative in nature, as it led to a sharp deterioration in some national banks solvency and liquidity.

It should be noted that foreign capital availability in the country's banking sector contributes to positive aspects of banks running:

- implementation of the latest banking technologies;

- increasing credit resources and ensuring the stability of their formation sources;
- expanding the range of services quality their quality improvement;
- lowering the cost of banking services and introducing a banking risk insurance system;
- implementing the rehabilitation, reorganization and restructuring of banks in the conditions of banks mergers and takeovers;
- increasing the competitiveness and qualification level of bank employees, their meeting the European service provision standards.

Nevertheless, foreign capital in the banking system poses some threats to the financial stability of Ukraine. These include outflow of capital abroad with its negative consequences for the country's balance of payments, the possibility of strengthening foreign control over the banking system and the economy of the state, preferential lending to enterprises with high profits and low risks along with strategic enterprises experiencing the lack of credit resources, interception of profitable types of activities and less risky clientele by foreign banks which threatens bankruptcy to local banks, growing gap between the development of the financial and real sectors of the economy. [7-13, 14-16]

Banks efficiency increase is a necessary prerequisite for further development of the Ukrainian banking system, and the search for ways to stabilize it necessitates the establishment of efficient programs and projects in the banking sector.

Therefore, the concept of "credit portfolio of a commercial bank" can be interpreted as a set of bank loans provided for the use of legal entities and individuals to meet their economic and social needs, structured according to certain formats in accordance with the objectives of a certain credit policy and reflecting the results of its implementation. Credit as a component of finance category reproduces in aggregate quantitative and

qualitative forms the directions and results of the credit activity of the banking system (or an individual bank) and its influence on the development of social and economic relations in society. In addition, the credit portfolio includes loan resources provided by non-banking entities of the financial market, as well as the sphere of economic lending. There is an opinion, however, that they do not come under direct regulation of the national credit policy.

The credit policy of a commercial bank is defined as a set of certain actions and measures carried out by a commercial bank. The main purpose of this activity is the solution of strategic and tactical tasks, which are based on microeconomic, macroeconomic, regional and industry factors in the field of optimizing the profitability of credit operations and probable credit risk.

The need to form a reasonable and effective credit policy by every commercial bank under modern economic conditions is mainly related to the significance of intensifying the positive influence of credit relations on the volume and structure of the money supply in the country and, therefore, on the stability of the monetary unit. In addition, it is related to ensuring additional sources of financing for extended reproduction.

E.H. Ryasnykh, A.A. Ponomarev, M.O. Mykytyn explain the essence of the credit portfolio of a commercial bank as a set of loans granted by the bank on a certain date in order to receive income in the form of interest. Debts for credit transactions that make up the bank's credit portfolio comprise:

- term deposits allocated in other banks and doubtful debts for these deposits;
- loans granted to other banks and their doubtful debts;
- funds provided by business entities for overdrafts, factoring transactions and overdue debts for factoring transactions;
- funds provided by economic entities under repo operations, *etc.*

The formation of the credit portfolio is one of the key points in the bank's activity, which makes it possible to more clearly work out the tactics and strategy of the commercial bank's development, its ability to provide lending and the development of business activity on the market.

The credit portfolio is the main source of the bank's income as well as the main source of risk in the course of the assets placement. The stability of the bank, its reputation and financial activity results largely depend on the structure and quality of the credit portfolio. An optimal, high-quality credit portfolio affects the bank's liquidity and reliability.

The credit portfolio of a commercial bank cannot exist without effective management. In a general sense, it is worth noting that the essence of the concept of "management" primarily involves direct influence on the researched object in order to achieve a defined goal due to interaction of phenomena and processes in the mode of a deterministic or arbitrary program. Therefore, it is extremely important to emphasize the fact that the management of the commercial bank credit portfolio is closely related to the risk of credit operations.

N.I. Demchuk emphasizes that the main task in establishing the efficient activity of the control and risk management function is to ensure the implementation of current goals and business plans of the bank in achieving strategic goals, the introduction of appropriate policies, the application of methods, means of management and control over the risks generated by external environment, assets and liabilities structure and business processes of the bank.

Bad loans do not have to be associated with losses, and the appropriate approach to their management makes it possible to minimize losses for both the banking institution and for the borrower. The professional work of the bank's staff, the creation of additional incentives for borrowers to repay debts, steady work with each client on a partnership basis, and the use of modern and

fast effective methods of problem loans management make up the abovementioned approach. In practice, it is impossible to completely avoid losses on problem loans, their value should be considered as a kind of risk cost in conducting banking business.

The stages of credit portfolio management of a commercial bank are presented in fig. 2.9.

N. Rogozhnikova emphasizes that the bank loans portfolio is exposed to all the main types of risk that accompany financial activity, namely: liquidity risk, interest rate risk, credit risk. Credit risk management requires the banker to constantly monitor the structure of the credit portfolio and its qualitative composition. As part of the «profitability – risk» dilemma, the bank is forced to limit the rate of profit, insuring itself against excessive risk. Therefore, the bank must implement a risk diversification policy and prevent concentration.

Bank reliability is rather important for its shareholders, enterprises, and the population that are depositors and use the bank's services. The loss of the deposit affects the numerous savings of depositors and the capital of many enterprises.

The bank's activity ongoing assessment, management of liquidity, risk and profitability are all based on its portfolio quality management and work as a single system.

In order to intensify the role of the credit portfolio as a tool for implementing the tasks of the state credit policy, it is advisable to consider it from three positions. First, it is a strategic credit portfolio, which must be formed in accordance with the requirements of the national credit policy, the place and tasks of the bank in its implementation. Secondly, it is a tactical credit portfolio, which is formed by the bank based on the volume and structure of the strategic credit portfolio. Thirdly, it is a portfolio of actually granted current loans.

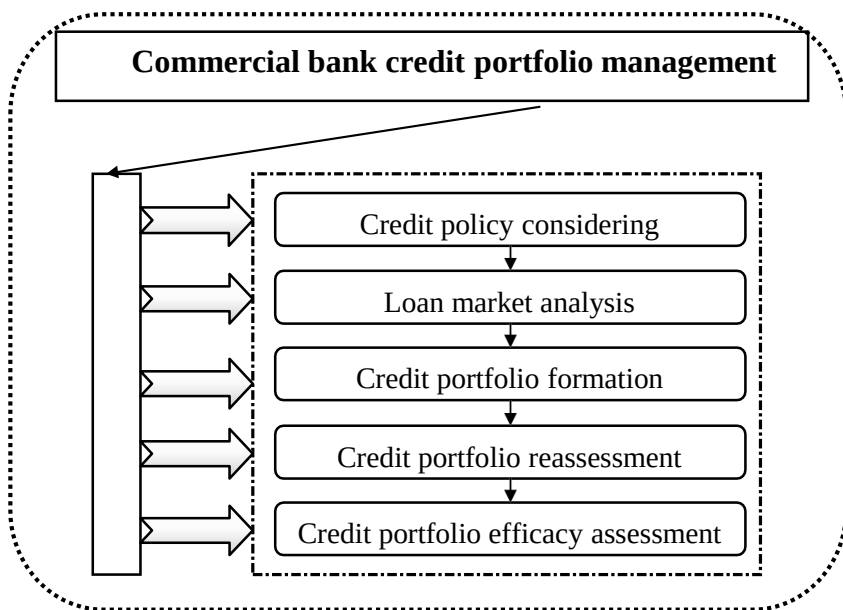


Fig. 2.9. Stages of credit portfolio management of a commercial bank

Source: compiled by the authors based on their own research [26]

Systematization of bank clients credit servicing from the point of view of a portfolio approach makes it possible to combine various types of loans taking into account their risk levels and, therefore, to combine and systematize the toolkit of the client lending mechanism.

The main source of income for banks is credit operations profit. In this regard, the effective formation of the bank's credit portfolio is the main issue the bank management faces currently. Inefficient formation of the credit portfolio leads to increased risks of credit operations, which, in turn, results in losses and the loss of invested resources. The proper organization of bank lending, the development of an effective and flexible system for credit operations management and the proper provision of

efficient reliable accounting information make the basis of banks financial reliability and market stability. The formation of the bank optimal credit portfolio the aimed to increase the efficiency of the bank activities through the implementation of the appropriate credit policy becomes particularly relevant under the conditions of the negative impact of the global financial crisis consequences.

Credit portfolio is a set of all bank loans structured according to certain parameters in accordance with the objectives of the bank's credit policy.

The volume of the credit portfolio is estimated by the book value of all the bank's loans, including overdue, prolonged and doubtful ones. In the structure of the bank's balance sheet, the credit portfolio is considered as a single whole and a constituent part of the bank's assets, which has its own level of profitability and corresponding level of risk. [20-26]

Bank credit portfolio volume and structure is determined by the following factors: the bank (capital) size, banking activity regulation, official credit policy of the bank, experience and qualifications of managers; the level of profitability for funds placement of various directions.

The structure of the credit portfolio bank depends on the following items:

- lending entities (legal entities and individuals);
- debt service status (high, good, satisfactory, weak, unsatisfactory);
- the debtor class (the class of the debtor – a legal entity - (ranged from 1 to 9) is determined depending on the obtained value of the integral indicator of the financial condition of the debtor, taking into account the size of the enterprise);
- credit quality categories (ranged from I to V, taking into account the state of debt service and the class of the debtor - a legal entity);

- credit risk indicator, which depends on the actual values of the integral indicator of the financial condition of the debtor-legal entity, the debt coverage ratio, the quality of management of the debtor-legal entity, product sales markets, the availability of business plans, ratings of the debtor-legal entity and other events and circumstances that may affect the timeliness and completeness of debt repayment;

- types of economic activity;
- lending currencies;
- credit terms, *etc.*

The competitiveness of the bank credit portfolio is affected by the following factors: riskiness, liquidity, profitability, speed of recovery and the degree of renewal of the credit portfolio.

Management of the bank's credit portfolio has been defined as a process aimed at ensuring an appropriate profitability ratio and reliability of the portfolio. P. Chub defines this concept as a process and divides it into five successive stages: choosing a credit policy; credit market analysis; credit portfolio formation; reviewing the credit portfolio; the credit portfolio efficiency assessment. Credit portfolio management should be considered as a process that takes place according to the following scheme:

1) formation of a credit portfolio in accordance with existing requirements and the bank's credit policy;

2) assessment of the formed credit portfolio in terms of its profitability and risks, which is not a one-time action, but constant monitoring aimed to identify problem loans and other shortcomings of the credit portfolio;

3) adjustment of the credit portfolio, which involves improving its quality, solving problems with problematic loans and including new loans.

Credit portfolio management allows you to balance and reduce the risk of the entire portfolio by controlling the risks inherent in certain markets, customers, credit instruments, loans

and working conditions. Analysis of the credit portfolio requires studying its structure from the point of view of risk groups, security, sector structure, ownership of the borrowers, *etc.* In modern conditions, the assessment of the quality of the commercial bank credit portfolio is predetermined by the proper assessment of the risk assumed by the bank in the course of carrying out various operations. For the banking sector, it is important not to avoid risk in general, but to anticipate and minimize risk, that is, to apply various risk management methods. A qualitative assessment of the credit portfolio is primarily aimed at minimizing the risk of default on loans, which leads to significant losses for banks and can further lead to bankruptcy. The following indicators are used to assess its level:

- loan collateral ratio;
- loss coverage factor;
- loan loss provision;
- loss coverage ratio;
- ratio of loan coverage with own capital.

These indicators must be analyzed in dynamics to determine the tendency to a change and the reasons for the change. The calculation of these ratios makes it possible to determine trends in the financial state and ways to improve the economic efficiency of credit operations. The essence of the credit portfolio is also taken into account according to its functions, including:

These indicators must be analyzed in dynamics to determine the tendency to change and the reasons for their change. The calculation of these ratios makes it possible to determine trends in the financial state and ways to improve the economic efficiency of credit operations. The essence of the credit portfolio is also taken into account according to its functions, including the following ones:

- distributive and redistributive;
- replacing money with credit operations;

- loans pooling;
- credit risk minimization;
- expansion and diversification of the bank's income base.

Banks' credit portfolios have shrunk, and the profits have decreased as a result of COVID-19 and the quarantine. Starting from April 2020 and almost all of 2021, the consequences of the pandemic and introduced quarantine measures were felt in the banking market due to the reduction of the credit portfolio and its lower profitability. However, the volumes of the population and businesses deposits grew in contrast to previous crises. The National Bank has been facilitating the comfortable running of banks and borrowers in the current crisis. Nevertheless, the National Bank requires a proper assessment of risks by market participants and during the following year it analyzes the quality of the restructuring carried out.

Against the background of the COVID-19 pandemic, despite the further reduction in the cost of loans, the demand for loans from both businesses and the population decreased, which led to a decrease in the credit portfolio of banks.

Thus, the portfolio of net business loans (that is, the one excluding reserves) decreased by 6.3% in hryvnias and by 3.6% in foreign currencies in dollar equivalent during a quarter. The portfolio of net loans issued to the population decreased by 5% for the quarter (-4.4% for April) for the first time since the beginning of 2017. The key factor in such a reduction was the formation of banks reserves simultaneously with loans demand decrease due to the deterioration of consumer interests. In particular, loans for household appliances and car loans decreased in Q2.

In Q2, the share of non-performing loans, particularly in state banks, decreased due to the loans write-offs. The level of reserves non-performing loans coverage increased by 1.2 p.p. over the quarter and reached 96.8%, renewing the historical maximum.

Nevertheless, it is too early to draw conclusions about the general impact of the pandemic and quarantine measures on the quality of the credit portfolio since there still exists some uncertainty as to the pace of individual sectors of economy recovery and the duration of the repayment holiday.

In Q2, the increase in deposits of households and businesses in banks continued. In particular, hryvnia business funds in bank accounts increased by 9% for the quarter (+24.6% pp). Hryvnia deposits of the population increased by 10.9% (+24.1% pp) in Q2, mainly due to demand deposits. This increase contrasts positively with the crises of the previous years, when depositors actively withdrew funds from banks.

Due to the reduction of the discount rate and the stability of the deposit base, the rates on household hryvnia deposits continue to decrease (9.6% per annum at the end of June and less than 9% at the end of July), which contributes to the reduction of the cost of loans in the national currency. The cost of foreign currency deposits and loans remain low. Thanks to the strengthening of the hryvnia, the level of dollarization of deposits in Q2h decreased by 3.8 pp up to 40.7%.

The profit of banks in April-June decreased to UAH 7.7 billion, and for the first half of 2021 it was 23.4% less than the result for the same period last year, and amounted to UAH 23.8 billion. The decrease in profit is related to deductions to reserves, as well as a decrease in demand for banking services, which led to a decrease in commission income. [10-14, 26]

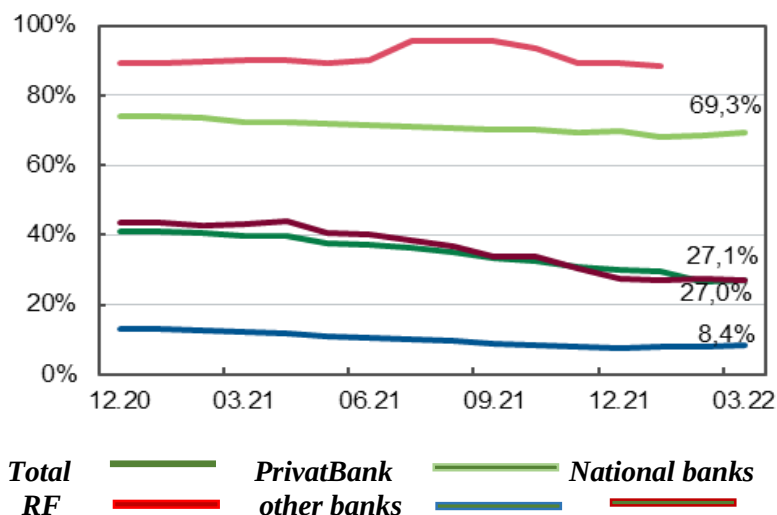


Fig. 2.10. Share of non-performing loans in groups of Ukrainian banks

Source: compiled by the authors based on their own research [22]. PrivatBank commercial bank joint stock company annual report. December 31, 2021.

Losses caused by credit portfolio quality deterioration will be the main challenge for banks profitability in the future and will result in increased deductions to reserves in the next two quarters. However, interest and commission income will continue growing, and as a result the sector will remain profitable until the end of the year. In order to promote effective restructuring for debtors affected by quarantine measures, the NBU extended the simplified credit risk assessment rules until the end of November. In this way, the National Bank seeks to create favorable conditions allowing both banks and borrowers to pass the crisis comfortably.

At the same time, proper assessment of risks by banks will remain on the focus of attention. The quality of restructuring carried out by banks will be analyzed by the NBU at the

beginning of the following year within the annual assessment of the banks stability.

The level of non-performing loans (NPLs) in the sector continues to decline. The positive influence factors remain unchanged - the volume of low-quality foreign currency loans decreases due to hryvnia strengthening, the "blurring" of the consumer portfolio with new loans and the financial restructuring of corporate loans.

Non-performing loans on banks' balance sheets do not bear a significant risk - the level of their coverage by reserves reached 93.8%. NPLs statistics adequately reflect the real quality of the portfolio. However, there are some loans considered impaired according to IFRS 9, but not classified as defaulted in the banks according to prudential requirements. The NBU intends to give even more conservative definition of non-performing loans so that it covers both impaired and defaulted loans. This may increase the estimate of the share of NPLs in the sector by about 3 pp.[26]

The share of non-performing loans is decreasing. Over the year, it decreased by 5.8 pp. This change was predetermined by:

- 1) strengthening of hryvnia with the corresponding reduction of NPLs in foreign currency;
- 2) high rates of consumer lending, which "diffused" the portfolio of non-performing loans;
- 3) financial restructuring of corporate loans, primarily in state banks.

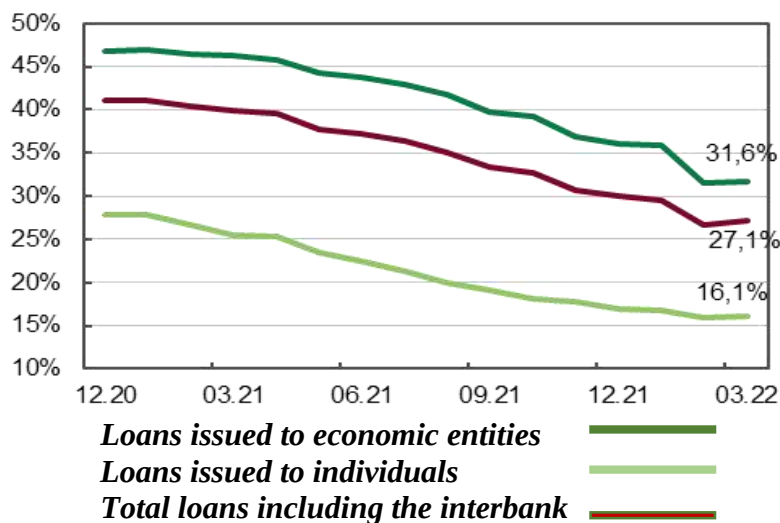


Fig. 2.11. Share of NPLs by types of borrowers

Source: compiled by the authors based on their own research [22]. PrivatBank commercial bank joint stock company annual report. December 31, 2021.

The share of NPLs in the segment of individuals is decreasing mainly due to the significant pace of new lending and working with old foreign currency loans. In the corporate segment this year, there was some progress: both relative and absolute volumes of non-performing loans are decreasing.

The key task of a banks is to clear their balance sheets of non-performing loans. Despite noticeable progress, the level of non-performing loans in Ukraine is nearly the highest in the world. This does not create significant risks for the sector - almost all of them are properly reserved. The level of coverage of NPLs by financial reserves (according to IFRS 9) reached 93.8%, and exceeded 96% according to prudential reserves (Resolution No. 351). The NBU expects further growth of the latter, as banks will eventually stop taking into account the collateral for aging NPLs to estimate the prudential reserves. [22-26]

Financial institutions must dispose of non-performing assets. Therefore, in June 2021, the NBU approved the Regulation on the organization of the process of problem assets management in the banks of Ukraine. According to the Regulation, banks are required to have develop and approved strategies for managing problem assets by April 2021 so as to reduce the share of NPLs in their balance sheets. Success in this direction will be determined mainly by the dynamics of clearing the balance sheets in state-owned banks - they currently account for 73% of non-performing loans. Only PrivatBank has 43% of such loans, almost all of them are loans granted to businesses of its bank's former owners.

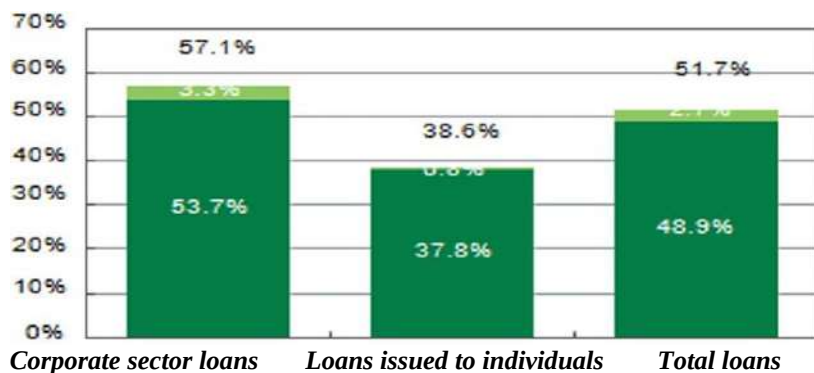


Fig. 2.12. The share of NPLs according to the results of the bank survey

Source: compiled by the authors based on their own research [22]. PrivatBank commercial bank joint stock company annual report. December 31, 2021.

Statistics of non-performing loans reflect the real state of affairs in the sector. Statistics of non-performing loans are one of the key indicators of the banking sector's running. It is important for the NBU that it be of high quality and fully reflect the true quality of banks' balance sheets. Therefore, in 2017, the NBU

changed the definition of the term "non-performing loan". Since then, the following loans have been defined as non-performing or defaulted:

- the repayment is overdue by more than 90 calendar days, or;
- the debtor is unable to ensure the fulfillment of his obligations fully without collecting security.

The NBU and banks conduct regular analysis of asset quality to ensure that this definition does not devalue, and the banks use it as conservatively as possible.

In global practice, there are two approaches to classifying loans by quality:

- accounting approach – *i.e.* if the bank does not expect proper servicing of loans due to a number of reasons, they are classified as impaired (or assessed as the third stage according to the terminology of IFRS 9). This approach is not fully uniform, it mostly contains soft triggers and relies mostly on judgement;
- prudential approach – loans of the lowest category are recognized as defaulted. In addition to default, hard default triggers, such as a violation of key financial indicators, are often set. [26]

Many jurisdictions apply an even broader category that includes impaired and defaulted loans under. It covers separate loans that are not formally covered by the characteristics of the two abovementioned approaches, but in fact these are loans that they will probably not be returned. Red segment comprises loans that are impaired according to IFRS, but are not recognized as defaulted. In order to assess the significance of this segment in Ukraine, the National Bank of Ukraine surveyed about 60 banks in October. Their number make up 95% of the sector's credit portfolio.

The results of the survey showed that the current prudential requirements quite fully cover problem assets. However, there are loans that are recognized as impaired according to IFRS 9 while

they are not listed in default according to prudential requirements. They make up 2.7% of the total credit portfolio. Most of such loans are concentrated in the corporate sector - 3.3% of the portfolio. Most often, these are restructured loans that are removed from the default category according to prudential norms, but remain depreciated according to IFRS.

In general, the NBU was able to confirm that the statistics of NPLs in Ukraine are reliable and it almost fully reflect the real state of affairs in the sector. However, if we apply a broader category of non-performing loans, including both defaulted and impaired loans, their share will currently make 51.7% instead of 48.9%, which is given in official statistics. To eliminate this discrepancy, the NBU intends to make the definition of non-performing loans more conservative so that it covers both categories. [24-26]

After a deep downturn, real sector companies are gradually resuming the operations, they are adapting to work in conditions of war and uncertainty. The main obstacles to revitalizing their work are problems with logistics and the loss of sales markets. Credit demand remains low and the lending standards have become more conservative. Under such conditions, state support programs are the driver power of lending and the government should continue to finance them. Banks are reluctant to admit the expected credit losses, which can be very significant. Timely restructuring can reduce the negative impact of the crisis on the credit portfolio.

The survey of lending conditions reveals that the decline in business activity since the start of the full-scale war has led to a slump in business demand for loans. Nevertheless, the deterioration of macroeconomic expectations significantly reduced the banks' desire for taking risk. Therefore, financial institutions have enhanced the lending standards for businesses which has nearly stopped the growth of the credit portfolio: the volume of foreign currency loans decreased, while hryvnia loans

increased several times more slowly compared to those of last year. The hryvnia net corporate credit portfolio has grown by 8% since the start of the full-scale war. Enterprises of critical infrastructure, defense industry, and agrarian companies were mainly in need of new bank loans for the crop sowing campaign. To meet the demand of the latter, banks widely used state support programs, which were specially applied to agricultural enterprises.

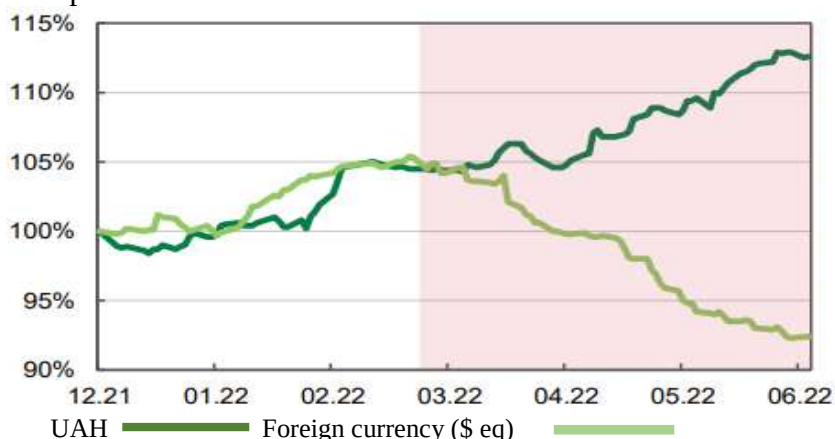


Fig. 2.13. Net loans to economic entities, 12.2021 = 100%

Source: compiled by the authors based on their own research [22].

PrivatBank commercial bank joint stock company annual report. December 31, 2021.

The terms of the state program "Affordable loans 5-7-9%" have been improved and UAH 33 billion in loans were granted in March-May 2021, most of them were provided to agricultural producers. In the spring, the government guaranteed loans in the amount of UAH 24 billion to ensure the crops sowing campaign. Banks often combined the two programs through providing borrowers with moderate rates and reducing their own credit risks. Lending under state programs provided for more than half of the increase in the hryvnia credit portfolio. State banks were the most active in increasing the credit portfolio within the

framework of state programs. They financed critical infrastructure enterprises, including state corporations. The amount of state-owned companies' debt to banks increased by 27% during the martial law period due to increased support for enterprises in the defense and energy sectors. However, the share of loans of state-owned companies remains insignificant - 10% of the portfolio.

The activity of banks as the main mediators in the relationship between various subjects of the market economy has been an integral component of the efficient functioning of the economy for many years. Currently, it is important for banking institutions to effectively control and manage the bank's credit activity, namely, the assessment of the credit portfolio, since credit activity brings the main profits to the banking institution. [7-12, 20-26]

The growth of problem debt in the bank's credit portfolio is the most acute problem in the banking system functioning. Detecting the level of this debt in a timely manner is essential as problem loans begin to pose a threat to the bank. They require significant reserves to insure possible losses in the future, and, as a result, they may fall into the category of bad debt. Therefore, ensuring the effective management of the bank's credit portfolio aimed to increase the leading industries lending makes the credit activity management an essential issue in banks' running effectiveness.

Lending is the most important type of a banking institution activity, because the stable financial condition and profitability of the bank directly depends on the results of lending to customers. In addition, bank loans play an important role in financing various sectors of the economy. Crediting can redistribute the excessive resources of those companies, and thus, satisfy the needs of others for additional resources. Credit activity of banks are rather profitable and they earn income, therefore the management of the

lending process is important, because, to some extent, all banks face problems of loans non-repayment.

A set of actions and measures in the field of credit policy development and implementation, organization of the credit process based on the direct influence on the credit portfolio forms a bank's credit activity management system. The latter is an important component of bank management, as it is aimed at the effective allocation of available resources in loans while maintaining the optimal level of credit risk and the desired level of profitability from loan operations, which ultimately ensures the bank's financial stability.

Based on this, each bank must regularly assess the credit portfolio management processes and take appropriate measures to change its structure in order to minimize possible losses from non-fulfillment of credit obligations by the customers.

To form an effective credit policy, it is necessary to take into account the modern conditions of banking institutions functioning. As of the end of 2021, the banking sector of Ukraine had record financial indicators. Banks were highly profitable, the sector's return on capital was the highest. In 2021, allocations to reserves were the lowest in over a decade's period. Macroeconomic conditions were favorable, the debt burden of the real sector was acceptable, household incomes were growing rapidly – all these contributed to the low cost of credit risk, and could remain for years under similar circumstances.

One of the reasons for the loans-to-GDP ratio decline during the studied period is the rapid growth of incomes, which indicates the low average indebtedness of the population and a significant potential for lending recovery. The experience of other countries reveal that mortgages make a factor in the recovery of lending in the long term, but the volume of mortgage lending in Ukraine remains immaterial.

The development and implementation of a credit policy is one of the components of the credit activity management process.

The successful functioning of the bank largely depends on the credit policy since it determines the standards, parameters and procedures guiding bank employee's loans granting, issuing and management. Credit policy documenting as a regulatory basis for ensuring its practical implementation at the level of each bank is of great importance. So, as a regulatory document, the bank's credit policy is most often presented in the form of a regulation.

Currently, JSC CB "PrivatBank" is the leader in consumer lending in Ukraine. The bank develops its own credit policy and uses quite effective mechanisms for its practical implementation.

JSC CB "PrivatBank" developed the «*Regulations on Credit Policy*» aimed to control the risks arising in the process of credit resources allocation. The *Regulations* defines the tasks, functions, principles and standards of credit activity, the responsibilities and powers of bank employees at each stage of the credit process and provides a comprehensive approach to risk management, which ultimately guarantees the most appropriate use of the bank's resources.

The *Regulations* establish that the main goal of JSC PrivatBank credit portfolio management is to achieve the scheduled profit level, which is primarily aimed at attracting new clients, maximizing the potential of relations with every existing client, as well as obtaining the income adequate to the risks taken.

One of the directions of JSC CB "PrivatBank" credit portfolio management is stabilization of the portfolio through the risks diversification, which forms a dual approach to its management, namely:

- management at the level of a separate operation, taking into account the risk related;
- management of the credit portfolio general characteristics carried out to avoid the risk of concentrations through using the limitations of individual segments.

Therefore, the "Regulations on Credit Policy" of JSC KB "PrivatBank" provides the basis for the practical implementation

of the bank's effective lending policy, regulates credit activity and defines the main aspects of the credit portfolio management analysis.

We have evaluated the credit portfolio management process in JSC CB "PrivatBank", through the analysis of its structure for 2018–2021 (Table 2.17).

Table 2.17

**The structure of the loan portfolio of JSC CB
"PrivatBank" for 2018–2021**

Article, UAH million	Year				Structure, %			
	2018	2019	2020	2021	2018	2019	2020	2021
Funds in other banks	0	27118	25059	26243	0.00	8.76	6.55	6.54
Loans managed as a separate portfolio	212795	210579	164332	163513	76.53	67.99	42.96	40.75
Loans and debts of legal entities	5648	6250	5509	4091	2.03	2.02	1.44	1.02
Loans and debts of individuals	63434	68253	53839	60 992	22.81	22.04	14.07	15.20
Total assets	278048	309723	382525	401296	100	100	100	100

Source: compiled by the authors based on their own research [22].
PrivatBank commercial bank joint stock company annual report. December 31, 2021.

Table 2.17 data indicate that for the period of 2018–2021, the category "Loans managed as a separate portfolio" has the largest share in the overall structure of the bank's assets. It includes non-performing loans that were issued before December 19, 2016, that is, before the bank was transferred to state ownership. As of December 31, 2021, the share is 40.75%, which is 35.78% less compared to 2018. The bank must gradually get rid of these assets and restructure them, because practically this item increases the credit load and does not increase the bank

income. The share of this portfolio in the total structure of assets has a tendency to decrease. The same is true for lending to legal entities and individuals - the shares decreased, respectively, from 2.03% and 22.81% as of 2018 to 1.02% and 15, 20% as of 2021. An increase in the total number of assets due to deposits in securities indicates some improvement in the structure of the bank's credit portfolio owing to the use of effective credit management tools. [16-19, 20, 26]

Equally important in the assessment of the studied bank loan portfolio is its quality assessment (Table 2.28) since it determines the amount of reserves for credit risks, the choice of loan portfolio management methods for further development and implementation of the necessary measures to improve its quality. Table 2 data reveal the activation of lending and the growth of the amount of non-overdue and unimpaired loans which in 2021 made 27.22% of the total amount of loans (in 2018 – 15.68%) and has an indicator of UAH 66,035 million (in 2018 - UAH 45,765 million). However, the share of impaired loans in the overall structure of the JSC KB PrivatBank credit portfolio prevails, which amounted to 83.72% in 2018. The share has been decreasing every year. However, it decreased only due to the reduction of the total volume of loans issued, and not the reduction of impaired loans. As of December 31, 2021, their share was 71.96%. Nominally, the amount of impaired loans due to revaluations carried out by the bank decreased from UAH 244,419 million in 2018 to UAH 174,551 million in 2021. Consequently, the share of problem loans remains high - debtors who were issued loans from the bank immediately before its nationalization in 2016 do not recover the loan which worsens the loan portfolio quality.

Table 2.18

**The quality structure of the credit portfolio of JSC CB
"PrivatBank" for 2018–2021**

Article, UAH mln	Year				Structure, %			
	2018	2019	2020	2021	2018	2019	2020	2021
Non-overdue and non-impaired loans	45765	55569	50656	66035	15.68	18.77	21.76	27.22
Overdue but not impaired loans	1556	1399	3068	1982	0.53	0.47	1.32	0.82
Impaired loans	244419	238981	178972	174551	83.72	80.73	76.89	71.96
Purchased/created impaired loans	196	94	76	-	0.07	0.03	0.03	-
Total credits	291936	296043	232772	242568	100	100	100	100

Source: compiled by the authors based on their own research [22]. PrivatBank commercial bank joint stock company annual report. December 31, 2021.

This tendency is also observed in the banking sector of Ukraine in general. It is worth noting, however, that the share of non-performing loans still remains high, and the reduction is taking place at an extremely low rate. This necessitates the balance "cleaning" and the National Bank of Ukraine adopted the "Regulation on the organization of the process of problem assets management in banks of Ukraine" dated July 18, 2019. The key thesis of the Regulation: financial institutions are obliged to implement new requirements for development and implementation of non-performing asset management processes, problem asset management strategies, control and reporting on the implementation of the problem asset management strategy. [16-19, 20, 26]

This will help clean up "bad" portfolios through restructuring, selling or writing off non-performing loans, which

will ultimately improve the quality of not only the loan portfolio, but also banks' balance sheets in general.

The development of a problem asset management strategy in accordance with the Regulation will contribute to the improvement of the efficiency of the management of the credit portfolio of each banking institution, in particular JSC CB "PrivatBank". The main task in assessing credit portfolio management processes of JSC CB PrivatBank is to identify whether the current lending activity provides the maximum possible profitability at a minimum level of risk, which necessitates the calculation of the efficiency ratio of the bank's credit portfolio management (Table 2.19). The value of this indicator makes it possible to draw final conclusions about the state of the investigated process: the higher its value, the higher the efficiency of the bank's loan portfolio management.

Table 2.19

Calculation of the efficiency ratio of credit portfolio management of JSC CB "PrivatBank" for 2018–2021

Index	Date			
	2018	2019	2020	2021
Loan portfolio yield (LPY), %	13.76	10.32	10.54	8.53
NBU discount rate, %	18.0	13.5	6.0	9.0
Credit portfolio risk (RCP), %	80.88	83.84	82.88	80.20
Credit portfolio management efficiency ratio (CPME)	−0.003	−0.050	−0.090	−0.099

Source: compiled by the authors based on their own research [22]. Privat Bank commercial bank joint stock company annual report. December 31, 2021

Table 2.19 data indicate that the efficiency ratio of the bank's loan portfolio management in 2018–2021 ranged from -0.099 to -0.003. During the analyzed period, there was a steady tendency towards a decrease in the efficiency ratio, which was caused, first of all, by insufficient yield of the bank's loan portfolio. In addition, the indicator of the CPER ratio was

significantly affected by the high risk index of the loan portfolio due to significant deductions to the bank's reserves. The negative value of the indicator can be explained by the growth of the NBU discount rate, which, in turn, leads to an increase in the cost of credit resources. A significant increase in reserves for compensation of possible losses on credit operations leads to a deterioration in the credit portfolio quality accompanied by an increase in debt on problem loans. [16-19, 20, 26]

Thus, the value of the credit portfolio management efficiency ratio indicates the low efficiency of the credit portfolio management of JSC CB "PrivatBank". The bank needs to improve its credit risk management policy. A large number of overdue loans accounted for in the category "Loans managed as a separate portfolio" leads to:

- ✓ loss of depositors and shareholders' confidence in the bank
- ✓ decrease in consumer sentiment index;
- ✓ emergence of problems with solvency and liquidity;
- ✓ deterioration of the bank's reputation.

In addition, the bank bears additional costs associated with loan repayment requirements, and some part of the bank's assets remain non-performing assets.

Therefore, in order to monitor the efficiency of credit portfolio management, it is recommended to establish an internal limit value of the credit portfolio management efficiency ratio and considered inappropriate granting loan if the value is below the established level. This will enable to form loan portfolio considered an optimal one from the point of view of the income and risk ratio which will further make it possible to activate the role of the loan portfolio in the financial management system of the bank and the banking system in general.

The effective organization of commercial banks risk management in implementation of their credit provision for the development of the economy is the most important factor in activating the role and importance of the banking sector. Credit

risk management, being a necessary condition for the appropriate interaction of banks with potential borrowers, can become a guarantee of banking system credit activity activation in general. It is worth noting that the influence of a set of factors increasing significantly the credit risk of a commercial bank usually becomes more intense during the period of economic development.

Among these factors, the following should be noted: a significant amount of loans is issued to a restricted number of borrowers or industries, that is, the concentration of the bank's credit activity in some area (industry) is sensitive to changes in the economy; a large share of loans and other banking operations cover the clients experiencing certain financial difficulties; concentration of the bank's activities in understudied, new, non-traditional areas; making frequent or significant changes to the bank's credit or investment policy regarding the formation of a loan portfolio and securities portfolio; a significant share of new and recently involved clients (those the bank does not have sufficient information on); overly liberal credit policy of the bank (granting loans without the all the required information and proper analysis of the client's financial condition); inability to obtain adequate collateral for a loan or pledge of assets difficult to realize in the market; significant amounts of loans issued to borrowers that are interrelated; unstable economic and political situation in the country; other factors.

Under the conditions of the mentioned factors affect, credit risk management should be considered as an integral system covering the mechanism of the bank practical actions in risks identification, assessment of the risks magnitude and working out reliable methods of protection. All the elements of this bank credit risk management system ultimately represent a combination of various techniques, ways and methods of the bank's staff work related to the credit operations organization.

As a rule, credit risk management should include: establishment of risk acceptability criteria; analysis of the borrower's creditworthiness; assessment of the amount of provision; determination of the required size of the reserve; making a decision on a loan issuing; assessment of the risk premium, taking into account the bank's costs for credit transactions. These actions of the bank's personnel in the crediting process organization are primarily aimed at maintaining such a level of credit risk that meets the goals of the bank's credit policy, *i.e.* determines the ability of the latter to ensure the appropriate level of its profitability despite observing the normal conditions of effective activity without significant threats of undermining liquidity and financial stability in the market. Therefore, it is important to regularly carry out a comprehensive analysis of the evaluation, administration, monitoring, control, repayment of loans, advances, guarantees and other credit instruments to prevent potentially dangerous consequences of credit risk for a commercial bank.

These peculiarities of the bank's staff work can be reflected in developing specific stages of the credit risk management organization namely: drawing up the goals and objectives of the bank's credit policy; developing an administrative structure of credit risk management and a system of administrative decision-making; studying the borrower's financial condition; studying the borrower's credit history and business relationships; development and signing of a credit agreement; analysis of the risks of loans non-repayment; credit monitoring of the borrower and the entire loan portfolio; measures for the return of overdue and doubtful loans and for the collateral realization.

Credit risk identification seems to be the most significant among the specified tasks the bank risk management faces. Credit risk implies identifying specific risk areas. Identification involves not only identifying risk areas, but the related practical benefits and possible negative consequences for the bank as well. A

comprehensive and reliable information base containing the collection and processing of relevant information along with other elements of its management system is of great importance for the credit risk identification. The reason is that the lack of relevant information is a key factor in any risk occurrence, especially the credit one. To avoid this, banks usually use qualitative and quantitative analysis. Qualitative analysis is an analysis of sources and potential areas of risk determined by its factors. Therefore, qualitative analysis is based on a clear selection of factors and the list may be specific for each type of bank credit operation.

In practice, domestic commercial banks usually use the following credit risk assessment methods: analytical, expert, statistical, combined. The analytical method of loan default risk assessment is based on applying the method of reserves formation and use by Ukrainian banks to compensate possible losses from active banking operations. According to the method, the bank classifies assets and provided financial obligations for reserves calculating according to the following quality categories:

I - (the highest) – there is no risk or the risk is minimal;

II – moderate risk;

III – significant risk;

IV – high risk;

V (lowest) – realized risk.

Debt on assets assigned to category V is bad.

It is quite obvious that under such circumstances, the main attention of a commercial bank at the initial stages of working with a client should be devoted to their creditworthiness assessment, which is a basic element in the system of credit risk minimization measures. The main task of the bank's analysis of the customers' creditworthiness is to determine the factors that can result in the loan non-payment or, on the contrary, ensure its timely repayment. The essence of creditworthiness as a condition characterized by the return timeliness on loans invested in

production on the basis of the individual capital cycle completion and the release of the advanced value in monetary form. It generally determines the qualitative parameters of the borrower's activity as a subject of credit relations and the availability of objective opportunities to repay the credit provided by the bank.

The effectiveness of the bank activity depends on how accurately a commercial bank can determine the specified opportunities. It implies the ability to effectively deploy the accumulated resource potential and obtain an acceptable income from loan operations. Eventually, it is the results of the analytical work on determining the creditworthiness of the client that should determine the possibility of building up credit relations as well as the specific terms on which these relations should be based, in order to ensure an optimal combination of the interests of the bank and the borrower.

The current practice of evaluating the creditworthiness of borrowers by commercial banks in Ukraine, as well as the organization of the credit process in general, is not based on unified analytical approaches in this area. Taking into account the specifics of banks' activity and strategy for serving certain market segments and relevant customer groups, each bank, is given the opportunity to develop and apply its own method of creditworthiness analysis. The analysis is based on certain indicators and their criterion values, based on these a conclusion about the possibility issuing a loan to this borrower is made. Under such circumstances, the assessment of the financial state is considered by the commercial bank primarily in the course of working out the methodology for analyzing the creditworthiness of borrowers. The assessment is generally based on indicators that make it possible to characterize three main aspects of the client's activity:

1) solvency, *i.e.* the ability of the borrower to make timely payments at the expense of the funds provided from operating

activities without disrupting the normal course of the production process;

2) financial stability – representation of the borrower's own capital level enabling to assess the extent of the borrower dependence on the resources involved;

3) reliability – reveals the security of the amount of the loan provided by the pledged property, as well as the overall efficiency of the borrower's production activity.

In addition, the bank can consider the period of the company's operation, repayment of previously issued loans, as well as interest for their use, availability of a business plan and auditor's conclusions about the company's activities.

Improving the work of commercial bank personnel in credit risk management should be considered among the priority tasks in the area. There are two main ways of optimizing the commercial bank personnel analytical work: a significant expansion of the basic composition of indicators to a level that would provide a comprehensive characterization of various aspects of the client's activity, and, on the other hand - an active use of the company's cash flow analysis, which makes it possible to assess the borrower's turnover, and therefore to more accurately predict their prospects in the use of bank loans.

Apart from these, each of the creditworthiness indicators reflect only certain aspects of the enterprise's activity, that is why they cannot characterize the borrower's ability to timely return the borrowed funds. Therefore, giving preference to any one group of indicators is impractical for purely practical reasons related to the impossibility of obtaining comprehensive information about all aspects of the enterprise's activities, which in one way or another affect its relations with a commercial bank. [16-19, 20, 26]

Therefore, only the use of the totality of all groups of coefficients (solvency, financial stability, reliability, profitability, capital turnover, production potential) can be considered the

optimal way of creditworthiness analysis, namely in the section comprising the balance sheet data and other reports submitted by the client to a commercial bank.

It should be mentioned, however, that the credit risk is not minimized only due to an effective assessment of the borrower's creditworthiness. Even if all the indices evaluated by the bank meet certain criterion values, it does not mean an automatic risk reduction. In other words, if the bank management makes a positive decision to issue a loan to the client, the bank still assumes the credit risk, which represents the potential value of the bank's losses in the amount of the loan provided. In this case, it is necessary to implement measures related to: mitigating the consequences of taking a risk by the bank (primarily by securing the loan with collateral, guarantees, insurance, hedging); covering losses to ensure the possibility of continuing the operation of the bank and ensuring the profitability of its credit operations in general.

Losses due to credit risk can be covered by the bank in two ways: either by establishing a risk premium, (covers the probable losses of the bank even prior to the borrower is declared insolvent), or already after the bank client bankruptcy (through the collateral realization, credit non-repayment insurance in specialized insurance companies, credit risk hedging with the credit derivatives (swaps, options), as well as writing off bad loans at the expense of a specially formed reserve). Each of these methods has its advantages and disadvantages, and therefore the bank needs to choose the optimal way of credit risk management every time, taking into account that each of them requires certain costs.

Rationale for calculating the risk premium may be of particular interest to this aspect. After all, a certain minimum necessary fee for risk which compensates the bank's expenses is a sort of compromise between the profitability of the bank's credit operations and its competitiveness. In this case, we are mean that

a commercial bank fully performs its financial mediation function, since credit as the main form is a bank product, and therefore the bank's expenses related to credit risk can quite legitimately be included in the cost of the loan, which in practice is reflected in the form of a certain the level of the interest rate. The latter, in fact, is a form of risk fee charged by the bank to borrowers. Therefore, when mentioning the inflated interest rates on loans from Ukrainian banks, it should be realized that the rates are only external manifestations of the increased risk level on credit operations carried out by the domestic banking system.

The costs of a commercial bank related to credit risk should include:

- a) costs of reducing the primary credit risk related to the use of collateral, insurance, hedging or other methods;
- b) the value of the reserve formed to ensure the liquidity of the bank's balance sheet and its financial stability;
- c) expected costs of the bank due to the occurrence of secondary credit risk.

In general, the prospects for optimizing the work of a commercial bank in terms of credit risk management should be considered from the point of view of forming a comprehensive policy that would subordinate all the actions of bank personnel on credit operations to the single goal of minimizing the level of risk accompanying loan banking operations. Such a policy should be based on the comprehensive analytical work of the bank's staff and should include, in particular: analysis of restrictions that may affect the level of credit risk, for example, the determining concentration and loans volume, as well as lending to individuals related to the bank or exceeding limits; analysis of the probability of repayment of the loans portfolio and other credit instruments, including accrued and unpaid interest, which exposes the bank to credit risk; the level, distribution and importance of classified loans; the level and composition of non-accumulating, non-performing, revised, extended loans and loans with a reduced

interest rate; adequacy of loan revaluation reserves; the ability of the bank's management to manage problem assets and liquidate them; excessive concentration of loans; compliance and effectiveness of credit policy and credit procedures, as well as their compliance; the adequacy and effectiveness of the bank's procedures for identifying and tracking primary credit risks, as well as risks for loans that have already been issued.

Thus, the main goal of the bank's integral credit risk management policy is the optimal organization of the bank personnel work related to loan operations.

In order to minimize credit risk, the bank must control the degree of risk when making a decision on each specific transaction and monitor the state of the loan portfolio in general. In order to reduce the emerging credit risk of the bank, three important aspects must be taken into account in lending:

- 1) the borrower creditworthiness;
- 2) degree of representation of the bank and its depositors interests in the credit agreement;
- 3) the possibility of satisfying a claim on the borrower's assets or income in case of the debt non-repayment.

While analyzing ways to improve credit risk assessment methods, it is worth pointing out to the experience of the European Central Bank, which constantly analyzes key credit factors. These are the factors that determine the purposes of lending: investment in fixed assets, merger and acquisition agreements, investment in working capital as well as restructuring. According to the requirements of the European Central Bank, European commercial banks consider a factor of the project maturity when granting a loan. The factors of economic activity expectations and prospects for the industry development are also considered when analyzing lending standards in European banking practice.

It is also worth considering the optimal credit products modeling as an important component in the credit risk

management system. On the one hand, these are products that should be attractive to the target customer segment. On the other hand, in the expected macroeconomic conditions after the crisis, they should correspond to the risk-taking capacity of a commercial bank and its credit policy, *i.e.*, be optimal in view of the credit risk taken by the bank.[14, 15, 16]

According to the recommendations of the Basel Committee, it is necessary to take into account the rating of the borrower and the rating of the credit product when assessing credit risk. It would include an independent assessment of the collateral for the loan given, taking into account the concentration risk. Despite the expediency of such a recommendation, it should be recognized that in practice commercial banks could not implement such an advanced assessment of credit risk, otherwise it is unlikely that the global financial crisis would have unfolded on such a scale.

In fact, the global financial crisis was actually caused by the banks' incorrect assessment of credit risk. In the absence of statistics on loss on new loan products that appeared in mortgage lending and are now becoming increasingly risky, US mortgage companies and banks only sought to quickly form a pool of mortgages and relied on the risk assessment of investment banks and rating agencies, which ensured the transfer of credit risk to open market through securitization. Investment banks did not have statistics on defaults either and, moreover, they expected risk reduce through "cutting" and self-regulation of the securities market, and therefore used simplified credit risk assessment methods, which is already inappropriate today. It should also be noted that the implementation of a set of measures that determine the optimal conditions for the organization of bank credit activities and the activation of the credit process carried out by commercial banks at the microeconomic level is a necessary condition for optimizing the work of banks in credit risk management in the post-crisis period.

The following measures can be appropriate to improve lending efficiency:

- expansion of the object of analysis of the creditworthiness of potential borrowers taking into account their production potential based on the assessment of the internal systems and structure of the enterprise, its personnel, product quality control, management system, including risk management;

- ensuring the positive deposits growth dynamics (primarily in the national currency of Ukraine) in order to prevent premature return of funds placed by depositors;

- reducing administrative costs and limiting the payment of bonuses and other additional material rewards to bank managers;

- permanent control over the banks credit portfolio quality based on applying the system of profitability and riskiness ratios of loan operations with the appropriate operational response of the bank management;

- transition from a decentralized data storage system to a centralized bureau of credit histories and registration of pledged property, which should reduce the bank's operating costs for assessing the creditworthiness of a potential borrower as well as take into account such aspects of its activity as tax, budget, and customs discipline;

- limiting the growth of problem debt in the structure of the banks' credit portfolio by reissuing loans with their possible restructuring, compensation of losses at the expense of own profit, sale of the corresponding debt to collection agencies or other affiliated structures engaged with problem debt management;

- improvement of systems for estimating the pledged property value, taking into account all possible factors influencing the price dynamics in the relevant commodity market segments.

Therefore, the implementation of the totality of the mentioned measures at the level of the commercial banks system

should become the basis for activating the credit process in relations with various groups of borrowers of the real sector and minimizing the risk accompanying bank credit operations.

The research results reveal that the process of improving the bank's credit risk management mechanism is the basis for the activation of bank lending to the real sector of the economy which should be among the priority tasks in developing a set of measures to overcome the economic crisis in our country. However, it is impossible to implement the necessary measures aimed at stimulating economic growth in the post-crisis period without optimizing the work of the banking system regarding the effective organization of lending and credit risk management. Credit risk is becoming increasingly complex and multifaceted at the current stage of the banking system and the economy development. That is why banks must pay constant attention to ensuring the proper level of credit risk management efficiency, as it is directly dependent on the quality of the credit portfolio, which is the result of the bank's lending activities. Therefore, the higher the quality of the bank's credit investments, the more profitable and less risky is the bank credit activity, the more funds will flow into the real sector of the economy. After all, the growth of banks' credit investments is the most important factor in overcoming the consequences of the financial crisis and resuming economic growth, which cannot be achieved without proper organization of credit risk management.

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SECTION 3.

ACCOUNTING AND TAXATION: NATIONAL CHARACTERISTICS AND GLOBAL TRENDS

3.1. TAX REGULATION OF ENVIRONMENTAL PROBLEMS IN UKRAINE

Ensuring the ecological safety of human life is an integral condition for the sustainable economic and social development of Ukraine. Most of the principles of environmental protection in one way or another are involved in the activities of business entities, namely: the priority of environmental safety requirements, the obligation to comply with environmental standards and limits on the use of natural resources when carrying out economic, managerial and other activities, guaranteeing an environmentally safe environment for life and health of people, greening of material production based on the complexity of solutions in matters of environmental protection, use and reproduction of renewable natural resources, wide implementation of the latest technologies, etc.

The growth in the scale of economic activity, scientific and technical progress leads to increased anthropogenic pressure on the environment and disturbance of the balance in the surrounding natural environment. This, in turn, leads to aggravation of socio-economic problems. Along with depletion of reserves of non-renewable raw materials and energy resources, pollution of the environment, especially water resources and atmospheric air, is increasing, the area of forests and fertile lands is decreasing, certain species of plants, animals, etc. are disappearing. In the end, this significantly undermines the natural resource development potential of the state, negatively affects the well-being and health of the population, and also generates threats to the national security of the state.

The modern agrarian sector of the economy of Ukraine directly depends on the environment, which, in turn, causes a certain impact on it, however, mostly negative. This negative effect is characterized by a decrease in the ability to provide raw materials for production, degradation of natural resources, as well as a general deterioration of the environment.

Such a situation necessitates the transition to a model of sustainable development, which will ensure environmentally sustainable development and use of agricultural resource potential. The natural environment has a significant impact on the development of the agricultural sector. In the process of attracting agricultural resources, man changes them, and this, in turn, affects the efficiency of the agricultural sector and the quality of products. Since the agricultural sector is one of the main components of the economic system, its sustainable development largely determines the level of functioning of the economy of Ukraine as a whole.

Each subject of the agricultural sector does not function in isolation, but in certain contact with the external environment. Given the uneven nature of the action of external forces, a business entity cannot ignore them in the course of normal activity, as this may lead to negative consequences. Therefore, one of the main tasks of subjects of the agrarian sector of the economy is to choose the optimal way to react to changes in the external environment. The complexity of the external environment is determined by the following factors:

- the number of external forces affecting the economic entity and to which it must respond;
- by the degree of influence of relevant external forces on the activities of the economic entity and their interrelationship: reinforcing, when a change in the degree of influence of one of the links of the external environment increases the influence of another link, neutral; mitigating, in which the strengthening/weakening of the impact of one link reduces the impact of another link of the external environment;

- the variability of external forces and the speed with which changes in the degree of their influence on the activity of the economic entity can occur;

- by the degree of uncertainty of the external environment for the business entity: it decreases with the increase in the amount of reliable information that the business entity possesses, and vice versa.

Already at the end of the 20th century. The issue of pollution of the natural environment and its impact on human health, the functional state of the ecosystem, the potential development of production and climate change in general has become acute. Society's rethinking of the consequences of its active economic activity, which exerts pressure on the state of the natural environment, became an incentive to search for effective tools and methods of reducing the negative impact. Environmental taxation became one of these levers.

The intensive development of science and technology without taking into account the need to protect the environment has led to the acceleration of the destruction of the environment due to the deterioration of the quality of soils and drinking water, the reduction of fresh water reserves, air pollution due to emissions of harmful substances, the reduction of deposits of raw materials for carbon energy, etc. Before the emergence of the paradigm of sustainable development, two concepts were actively discussed, which were developed with the assistance of members of the Club of Rome: the concept of dynamic growth [13] and the concept of organic growth [14]. One of the first studies conducted in this direction was the study by Professor Jay Forrester of the Massachusetts Institute of Technology "World Dynamics" [12], in which the "World 1" model was proposed. In our opinion, a significant study that laid the foundation for the concept of sustainable development was the study, the authors of which are Denis and Donella Meadows, Jorgen Randers and William Behrens III [9], who in their work "The Limits to Growth" (The Limits to

Growth) in In 1972, the results of the analysis of the causes and consequences of population growth and material consumption in the long term were presented, using the theory of system dynamics and computer modeling, and the "World 3" model was proposed. In particular, it was noted that the impact on the environment on the scale of the entire planet due to pollution emissions and the use of natural resources will significantly affect global development in the 21st century. The authors developed 12 scenarios of the development of events, which were based on theses about the exhaustion of natural resources and the limited ability of the planet to absorb industrial and agricultural pollution.

In 2011, the UNEP report "Towards a Green Economy - Pathways to Sustainable Development and Poverty Alleviation" stated that "the financial and climate crisis are one and the same. The solution lies in a "green" economy... the transition to a "green" economy promises numerous benefits for the international community and all nations from the point of view of solving the problems of food, energy, water security and climate change. It is considered as an effective response measure to the financial crisis, which can ultimately lead to the achievement of the development goals announced in the Millennium Declaration" [8].

In order to qualitatively ensure the development of "green finance", it is necessary to determine the basic constituent elements included in relations in this area. This is most fully reflected in the work of G. Schmidt-Traub and J. Sech (Schmidt-Traub G., Sachs J. D.) "Financing of sustainable development". Sources of funding are divided depending on the level of the economic system, namely: national and international level, taking into account the interrelationships in solving both social and environmental problems. At the same time, within the limits of the national level, it is worth distinguishing the local level, and going beyond the national level - such a regional level, such as, for example, the European region, within which its own rules for ensuring

sustainable development and financing relevant measures are determined [4].

Environmental taxes are becoming increasingly important among economic instruments due to their high effectiveness in achieving the goals of economic and environmental policy. N. Avramenko and Z. Shpylkivska [1], considering the system of environmental taxation in Ukraine, propose ways to improve it through the implementation of the principles of stimulating the reduction of environmental pollution, limiting and penalizing such pollution, applying tax benefits under the condition of introducing ecologically clean, resource- and energy-saving, low-waste technologies, introduction of excise-type environmental taxes on environmentally hazardous goods and services. I.S. Volokhova notes that the increase in the rates of environmental payments should be carried out in accordance with the amount of damage caused to the environment [3, p.339]. D.M. also studied environmental issues. Serebryanskyi, researching the regulatory function of environmental pollution charges [10], S. Suchek, analyzing the impact of financial and environmental instruments on the formation of a "green" economy [11] and many others.

The main goal of environmental taxes is to change behavior that harms the environment, although revenues from such taxes will decrease along with emissions of pollutants. Along with this, environmental taxes can be used to obtain financial resources and further finance targeted environmental protection programs, and only then to correct the behavior of polluters. Tax regulation allows changes to be made to the tax system in such a way as to shift the tax burden from capital, labor and consumption to activities that have a negative impact on the environment or use natural resources.

Table 3.1

The main components of environmental taxation of Ukraine and the corresponding budget classification codes in 2020*

Budget classification code	Tax revenues
<i>1</i>	<i>2</i>
13010000	Rent for special use of forest resources
13020000	Rent for special water use
13030000	Rent for the use of subsoil
13060000	Rental fee for the use of the radio frequency resource of Ukraine
13070000	Fees for the use of other natural resources
13080000	Rental fee for transportation
17000000	Fees for fuel and energy resources
19010100	Environmental tax, which is paid for emissions of pollutants into the atmosphere by stationary sources of pollution (with the exception of emissions of carbon dioxide into the atmosphere)
19010200	Arrival from discharges of polluting substances directly into water bodies
19010300	Proceeds from the disposal of waste in specially designated places or facilities, except for the disposal of certain types of waste as secondary raw materials
19010400	Environmental tax, which is paid for the generation of radioactive waste (including already accumulated) and/or temporary storage of radioactive waste by their producers beyond the period established by the special conditions of licenses

Continuation of table 3.1

<i>1</i>	<i>2</i>
19011000	Environmental tax, which is paid for emissions of carbon dioxide into the atmosphere by stationary sources of pollution
19050000	Environmental pollution fee (cancelled on January 1, 2011)

Note. Compiled by the author based on materials [23]*

In the process of solving environmental problems of Ukraine, tax regulation can ensure:

economic incentives for polluters – encourage them to innovate and invest in renewable energy sources and alternative fuels;

effective use of fuel and energy resources, implementation of energy saving measures;

increasing the share of renewable energy sources and alternative fuels in the country's energy balance;

adjustment of consumer demand for ecologically "clean" and "harmful" goods, their offers from manufacturers;

efficient use of natural resources;

financing of environmental funds, etc.

In Ukraine, the composition of environmental taxation included the following components according to the annual report on the implementation of the State Budget of Ukraine for 2020 by the State Treasury Service of Ukraine, as shown in the *Dod. table. 3.1.2.*

The Tax Code regulates the payment of tax by business entities for environmental pollution and violation of environmental protection legislation. "Environmental tax". It covers all environmental payments for special use of natural resources and pollution of the natural environment (*Dod. Table 3.1.2.*).

Before the adoption of the Tax Code of Ukraine in 2010, environmental and economic regulators in the domestic tax system were used in the form of payments (fees) for environmental pollution. With the introduction of the Tax Code, they acquired the status of an environmental tax. It is important that, according to the Budget Code of Ukraine, until 2014, funds from the environmental tax were not transferred to the general, but exclusively to the special funds of the state and local budgets, which ensured the targeted nature of their environmental protection use. At the same time, starting from 2019 in accordance with clause 161 of Art. 29 of the Budget Code of Ukraine, a special procedure for the distribution of funds from the Tax on emissions of polluting substances by stationary sources of pollution was introduced, which consists in the fact that tax revenues in the part of carbon dioxide emissions are credited to the general fund of the state budget in full [2].

At the same time, environmental taxes in the structure of budget revenues in Ukraine had low values, usually not exceeding 1% of consolidated budget revenues. According to the data in Table 2, during the years 2011–2021, there is no fixed growing trend in nominal terms in the dynamics of the receipts of the environmental tax to the Consolidated Budget of Ukraine. In particular, environmental tax revenues increased linearly during 2011–2014, which is associated with increased economic burden on the natural environment and economic growth. In 2016–2018, nominal revenues were at a fixed level – 4,987 – 4,922 million UAH. respectively, and in 2019–2021 we observe unstable amounts of deductions that do not have a clearly established trend.

At the current stage, the volume of financial support for the ecological sphere of sustainable development of the region is gradually increasing. However, this does not indicate that these volumes are sufficient. Own funds of enterprises, institutions and organizations can also be used to finance environmental protection measures (implementation of innovative projects, development

of standards, implementation of organizational and cultural activities, modernization of production projects, replacement of energy resources with environmentally friendly types of energy, use of renewable types of natural resources for production purposes and replacing them with synthetic ones, etc.).

It should be noted that business entities implement environmental protection measures on the condition that it is profitable and profitable. The development of appropriate means of economic stimulation and their legislative consolidation would make it possible to solve this problem taking into account primarily environmental priorities [1].

The entire volume of income from the environmental tax, which comes to local budgets, is directed to a special fund. Accordingly, it is provided that the received funds have a specific purpose, and therefore will be used for environmental protection measures. Receipts of environmental tax to local budgets in the period 2011–2014 had a steady upward trend, however, starting from 2015 to 2021, an unstable trend of environmental tax is observed. In 2017, revenues were reduced by UAH 390 million compared to 2016, in 2018 - UAH 835 million less than in 2017. A slight increase in revenues took place in 2019, local budgets received 2,238.19 billion hryvnias, which is 93 million hryvnias higher. more than in 2018. At the same time, in 2020 there was a decrease in revenues again, this time by 147 million hryvnias. The actual decrease in revenues is explained by changes in the Budget Code of Ukraine: up to 2018 inclusive, 80 percent of the environmental tax was credited to local budgets (except for the environmental tax paid for the generation of radioactive waste (including already accumulated) and/or the temporary storage of radioactive waste by their producers over the established special conditions of the license, the term that is credited to the general fund of the state budget in full), and from 2019 - only 55%. (*Dod. Table 3.1.3*).

According to the data of the State Statistics Service of Ukraine, when comparing data on emissions of pollutants into the air from road transport for 2016 and 2019, calculated on the basis of data on the final use of fuel by road transport, given in the energy balance of Ukraine, without taking into account the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and parts of the temporarily occupied territories in the Donetsk and Luhansk regions, a negative trend towards an increase in emissions of pollutants is evident. Thus, in 2016, the total emission of pollutants was 1,608,516.6 tons, and in 2019 – 1,648,827.0 tons. In terms of emissions per person, it will be 37.7 kg and 39.2 kg, respectively, and in 2020 this indicator increased to 42.6 kg [23]. According to official data of the observation network of the National Hydrometeorological Service of Ukraine, in the first half of 2021, in 11 cities of Ukraine, the level of air pollution (according to the comprehensive air pollution index) was characterized as high - these are Kamianske, Mariupol, Odesa, Dnipro, Kryvyi Rih, Kyiv, Mykolaiv, Vinnytsia, Zaporizhzhia, Kherson, Lutsk [23]. The given digital indicators of the level of pollution indicate the need for immediate implementation both at the national level and on a global scale of economic and legal measures aimed at finding ways to stabilize the concentration of emissions into the atmospheric air at a level that would not allow dangerous anthropogenic influence on the surrounding natural environment and climate change in the world. In Ukraine, statistical data indicate that there is no dependence of the distribution of costs for environmental protection on the size of the accumulated environmental tax of a certain region and standard of living. So, for example, in regions of the country where the standard of living is quite high, the costs of environmental protection can be twice the size of the environmental tax. Consequently, there is a failure

to fulfill the main purpose of the environmental tax in a specific region of the country.

After all, the sums of expenses of the consolidated budget of Ukraine for the protection of the natural environment must be consistent with the tax revenues from the environmental tax in the regions of Ukraine, because otherwise we can argue about the unreasonableness of the environmental tax rates. That is, their underestimation in certain regions, since their size does not provide the revenue part of the corresponding budget at a sufficient level to fulfill the tasks and duties assigned to them. Since the size of the paid environmental tax is a direct reflection of the damage caused to the surrounding natural environment, and its implementation should improve and restore the ecological component, theoretically the amount of budget expenditures for such restoration should not be less than the amount of environmental tax paid in this territory.

Therefore, in order to achieve the goals of the environmental policy, it is necessary to ensure the targeted and effective use of funds accumulated from the environmental tax, stimulation of modernization and innovation of polluting business entities, stimulation of reducing the level of environmental pollution and the fight against climate change in general.

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3.2. CONCEPTUAL PRINCIPLES OF CONTROLLING

One of the primary tasks, caused by granting Ukraine the status of a candidate for joining the European Union of States, is the need not only to rebuild the destruction caused by the war of aggression (the dissolved Russian Federation), but also to implement in the country an effective model of dynamic growth and sustainable development of the national economy, ensuring its commodity competitiveness.

The basic basis for solving this task is the effective use and proper development of the productive forces of Ukrainian society, both in terms of material structure and human capital, its creative energy in ensuring socio-economic progress. The goal of this task is primarily to achieve a standard of living in Ukraine that is adequate to European standards. The driving factor for the necessary changes should be the application of perfect market factors for the development of business and entrepreneurship, primarily their organizational forms and management systems - financial management based on the principles of controlling.

Like every theoretical and practical concept of a certain system, the concept of controlling has its own evolutionary history of formation, ideology, essence, purpose, functions and organizational structure of construction.

The analysis of the experience of the formation of ideology, the formation of content and the functioning of controlling in the financial management system, as well as the conceptual vision of its development in scientific publications, makes it possible to clarify its functional and organizational essence and the

unconditional expediency of its use in the practical activities of enterprises in the conditions of a market economy system.

The term "controlling" comes from the English to control, which means "to control, manage". As an economic category, "controlling" is a relatively new phenomenon of the historical-evolutionary process, determined by the theory and practice of the formation and development of corporatism in its sphere of management, as a phenomenon of an evolutionary concept.

Controlling, in its essence, is an evolutionary and adaptive system of self-regulation of financial management, mainly of large economic entities with a significant number of various functional constituent structural subdivisions, in which the financial management service functions. That is, in corporate-type enterprises.

A corporation is a form of business activity widely spread in countries with a developed market economy, which is based on the principles of share ownership of functional capital and has the appropriate legal status. In these enterprises, assets are separated from their management by direct private owners: here the management function is carried out by the services of professional persons - managers, who work for hire.

Undoubtedly, general economic and including financial management are accountable to the administration of corporations, but all management decisions are developed, substantiated and implemented by the service of professional managers.

The corporate organizational form of management has the following advantages for its owners: independence of activity as a legal entity; limited liability of corporation owners; its centralized management by professional management, and not directly by shareholders-owners.

In Ukraine, according to the article of the Economic Code, the following types of corporate-type business entities are provided for: joint-stock companies, limited liability companies, companies with additional liability, full companies and limited partnerships.

According to world practice, all types of economic entities are referred to as "firm", and their activities as "business". Business (eng. business - business, occupation) is associated with personal profitability - a more extended term for economic activity than "entrepreneurship". Entrepreneurship is an activity that initiates, organizes, stabilizes, develops production, that is, according to J. Schumpeter, it is a creative destruction of routine. Business cannot exist without entrepreneurship, because entrepreneurship is one of the main factors of business.

In Ukraine, only the concept of "entrepreneurship" has a legal status, and the term "business" is not found in any legislative act.

The essence of controlling is manifested in its function as an integrative (connecting) substance of the efforts of corporations as a whole. Controlling functions on the basis of justified strategic and current decisions (implemented according to the "bottom-up" and "top-down" model), the basis of which is the use of sufficient and timely information; planning, budgeting, analysis, control, consulting, corrective regulation of production processes and provision of their financial needs, etc., and regulation of the socio-economic status of personnel.

In general, controlling is an evolutionary and adaptive system of self-regulation of the financial management of enterprises as an expression of an effective model of the economic and political mechanism for ensuring social development.

From this point of view, controlling is perceived as an expression of that financial and economic mechanism, which is the effective result of a historically quite long evolutionary process of the civilizational progress of mankind, which was accompanied by numerous riots, revolutions and reforms as driving factors of the social process. As a result, human society made a transition from one stage of qualitative state to another, which was expressed in the formation of new socio-economic systems.

Undoubtedly, each subsequent device absorbs all the best that was created by the previous one, first of all, the experience of organizing production and perfect methods of regulating social life. Accordingly, each subsequent socio-economic system acquires a higher degree of maturity: the development of productive forces and higher perfection of industrial relations, and hence – a significant potential for reaching new frontiers of social progress.

Considering the given ideology of changes in social development of the pre-capitalist period (taking into account the development of technology and social relations), K. Marx characterized the essence of the difference in the stages of development passed by mankind: "Relationships of personal dependence (at first quite primitive) are the same as those first forms of society in which the productivity of people develops only to a small extent and in isolated points. Special independence, based on material dependence, is the second great form in which a system of universal exchange of things, universal relations, comprehensive needs and universal opportunities is created for the first time. Free individuality, based on the transformation of their collective, social productivity into public property, is such a third degree".⁴²

⁴²Marx K., Engels F. Works. V. 46. - P. 1. P. 100-101

A step-by-step approach to considering the dynamics of the civilizational progress of mankind allows to identify the main trends of economic and political and social development according to the following indicators of the human condition: personal independence, free individuality, collective production partnership. They act as a prerequisite for the formation of such determinant relationships: economic growth - fair and adequate property relations - a perfect economic and financial mechanism, which are components of progress.

Controlling fully corresponds to the specified ideology, combining the above-mentioned components into a system integrity. In his ideology, the economic dynamism of the enterprise is based on the goal motivation and material interest of both economic entities and their employees - labor partnership-collective staff in strengthening their well-being adequately in strengthening their well-being adequately with the pace of economic growth of the business.

In the controlling system, this is ensured by the appropriate form of distributional relations. This form of distributive relations generates an increase in the amount of private property of production participants based on the principle of a close connection of the incomes of each of them from the actually achieved level of productivity of the economic factor contributed by each of them personally (capital of all forms, live labor, knowledge, skills, craftsmanship, information, rational creativity, entrepreneurial flair, etc.).

Thus, the task of controlling consists in consolidating the economic interests of all participants in the production of each business object, materialized by joint collective and partnership efforts.

In economic theory, a generally recognized postulate is the statement that the strengthening of the socio-economic

development of society is ensured by the increase in the degree of socialization of property - ownership of goods. This ownership at the stages of civilization progress in the "mine-your-our" model acquired a large number of various forms of manifestation: personal, personal, private, group, collective, joint, state, public.

It is necessary to pay attention to the fact that among the above components of socio-economic progress, the central place belongs to property relations. In accordance with this, the acceleration of the pace of progressive socio-economic development of society may occur as a result of increasing the degree of socialization of property. However, the process of socialization of property can take place in different ways. This was clearly expressed in the 20th century, when two leading socio-economic systems were formed and functioned in parallel on the basis of the difference of society: the evolutionary-sequential market (capitalist) and the centralized-planned (socialist) management systems.

The main differences between the types of socialization of property in capitalist and socialist systems were as follows:

- in the capitalist system, the socialization of property has - a classical character of historical-evolutionary progress and is based on the basis of private property. It takes place on the basis of a business initiative motivated by private property to achieve the maximum possible profit from the productive use of its factors of production according to its willful decision;

- in the socialist system, private ownership of any means of production was eliminated, except for the employee's ownership of his labor power. This was the result of a misunderstanding of the content of the postulate that "intensification of socio-economic development is ensured by an increase in the degree of socialization of property." This theoretical postulate was at one time brought to the "ultimate truth" - literally to the point of

absurdity in the theory of building socialism. This was manifested in the forceful revolutionary state usurpation of private property as a guarantee of achieving the desired progress - a similar acceleration of the level of socio-economic development of society. The degree of expropriation in some countries of the socialist camp reached more than 90% of the value of the created public wealth.

In the 20th century, on the basis of differences in the forms of socialization of ownership of private economic and political systems, there was a confrontation between the evolutionary and consistent market (private) and the revolutionary-centralized state (socialist) system. That is, two properties that are different in terms of socialization: capitalist (market) and socialist (planned).

As you know, the evolutionary and consistent market (capitalist-private form of socialization of property) dominated with the transition of the countries of the socialist-planned economy to the market system of functioning.

It was established that the socialist property, which was almost completely socialized in the state-wide form, provided lower social achievements (primarily - the standard of living) than the privately owned capitalist one, yielding to it in the level of labor productivity and economic efficiency. After all, in the socialist economic system, the direct dependence of the realization of the individual interests of employees on the effectiveness of their production activities has been eliminated, because this connection was mediated by a significant hierarchical layer of the bureaucratic state-management apparatus, which in the production process monitored only the execution of planned tasks.

In the market system of the economy, the process of socialization consists in accumulating it not at the disposal of the

state, but directly among members of society in the form of their own resource capital along with their labor force. This is precisely the meaning of the term "communization of property" as private property of society.

By the way, let's pay attention to the peculiarity of the "private property" phenomenon. In the Ukrainian language, this term has a universal meaning: the ownership of a certain value to a specific person (private owner), giving him the right to own, use and dispose of this value. In the Russian language, the term "private property" is "частная собственность". Here, in addition to the same ownership entity, the nature of its origin is ascertained - it is a personal share of the amount of public property, similarly to how an individual is a share of society in the meaning: "chastnaya person - частная собственность". The amount of this "property share" is determined by the existing system of distribution relations of the current economic mechanism that regulates social relations.

It was the difference in economic mechanisms and their systems of distribution relations that led to the superiority of the market (capitalist-private) form of socialization of property, where this socialization is manifested according to the "bottom-up" scheme. That is, the distribution of the social product directly among producers in proportion to their contribution to the production process of their personal factor: various forms of capital (material, labor, intellectual, monetary, etc.)⁴³.

As a result, the private property of the society is dispersed among the members of the society due to the differential effectiveness of their collective and partnership activities, accumulates in families, and is passed along with experience to

⁴³ National and world financial and economic systems in the conditions of modern challenges: N. Davydenko, T. Kosova. O. Lemishko. Yu. Nehoda, T. Oliynyk and others: [Ed. by Doctor of Economic Sciences, Prof. Davydenko N.M.]. Collective monograph Verlag. SWG imex GmbH, Nurnberg. Deutschland. 2022. Pp. 145-194.

the next generation. That is, private property is strongly socialized, and thanks to the motivational factor of its growth – personal and common interest, it stimulates the sustainable progressive development of society.

The total set of production relations of each evolutionary socio-economic structure forms the corresponding economic mechanism. It is a system of economic, organizational, legal, ideological and other forms and methods of managing economic activity at various levels of the economy, starting with the enterprise. The concrete expression of the economic mechanism is characterized by the dominance of the essential manifestation of industrial relations.

The essential determination of production relations is determined by two layers, two echelons: deep (substantial) and surface (content and form). The first of them expresses the basic foundation (relationships generated by the specifics of ownership), and the second (superstructure) – the relationship of organizational, managerial and regulatory relationships. Proprietary, the basic basis of industrial relations, expresses the social direction of social production, reveals its content, specifies its form. The second, superstructure layer of industrial relations, forms the economic and political management mechanism.

The decisive part of the economic-political (management) mechanism is the financial component, which expresses its core and acts as a management tool.

This is determined by the specifics of finance: to reflect the entire variety of functional factors of production in a generalized form - in monetary terms. In connection with this, in the production process, the diversity of private property investments is abstracted into the generalized form of "capital", which leads to the splitting of the total production capital into functional varieties: "capital - property" and "capital - function".

This means that the specific capital invested by its private owner in a certain enterprise of non-individual ownership comes out of the spheres of "use" and "disposal" for its owner. In this case, the private capital invested in production is subject to the disposal (management) of the financial management service of the operating enterprise as a generalizing object of the financial mechanism. And the set of regulators of the financial mechanism of the enterprise ensures the realization of the economic interests of private owners of capital "socialized" into the national market economy.

The market private-partnership model of business functioning (that is, a combination of private-proprietary capital) contains a significant potential for real profit growth as the main interest of capital owners due to synergy. Synergism is a condition under which the aggregate result of the functioning of the combined parts significantly exceeds its sum when they act independently in a fragmented version.

As a result of synergism in the market economy, there is a consistent increase in the scale of enterprises, which is carried out both due to simple expansion and as a result of mergers and acquisitions. This contributes to strengthening the company's position on the market, its competitiveness and in other spheres of activity.

Together with the mentioned increase in the scale of production activity in the enterprise, the organizational structure of the constituent divisions (diverse in the specialization of their role functions) is growing, on the activity of which the overall success of the enterprise significantly depends.

This greatly complicates the management of the enterprise and leads to the formation of a service within the financial management, which in its activity far exceeds simple monitoring

and control. Controlling is such a professional professional service as part of the financial management of the enterprise.

The principles of functioning of controlling are as follows:

- planning production activities is useful, but it is pointless to blindly follow the production plan due to the variability of objective circumstances;

- monitoring and evaluation of production activities are aimed at strengthening its perfection based on adaptation to real objective conditions;

- instead of the planned parameters of the activity of structural subdivisions and the enterprise as a whole in accordance with the objective situation;

- timeliness and permanence of introduction of improvements in production processes and management methods at all levels of management decision-making;

From an organizational point of view, controlling is a separate segment in the structure of financial management, which has the following functions:

- formation of information channels and information support for making justified management decisions based on them;

- coordination of financial activities and financial plans of production activities;

- strategic and operational planning;

- control, audit and internal audit of the company's financial activities.

The success of controlling in performing the specified functions is based on the solution of their high argumentation of individual tasks, among which the following are the most important: timeliness, completeness and reliability of information on the basis of which management decisions are made;

methodological argumentation (development of a system of key criteria based on the value of indicators in the system of planning, analysis and implementation of the accounting policy and the system of material incentives), etc.

Regarding the argumentation of information for the successful performance of controlling functions, attention should be paid to a number of circumstances. Modern information technologies make it possible to use huge arrays of data in real time and in space.

As a result, information becomes a more important component of the economic process than individual traditional components - natural resources, labor and capital. But information cannot be the same aggregated resource as land, labor, capital. After all, unlike classical factors, the information resource does not have a special (own) form of income, different from rent, profit process or salary. Therefore, information becomes an economic resource only when it is involved in economic turnover.

Thus, information is a product-service that can be capitalized and acquire the characteristics of an economic resource. In general, information is a measure of orderliness and stability of the economic system.

The main goal of controlling (as its integrative substance "control-manage", which accompanies all actions of financial management) is to ensure the maximization of the welfare of the owners of the enterprise in the current and prospective periods, the rational use of available financial resources, determined by justified management decisions, the achievement of an acceptable level of income at the minimum risk of capital investors and the maximization of the market value of the enterprise, which realizes the ultimate financial interests of its owners.

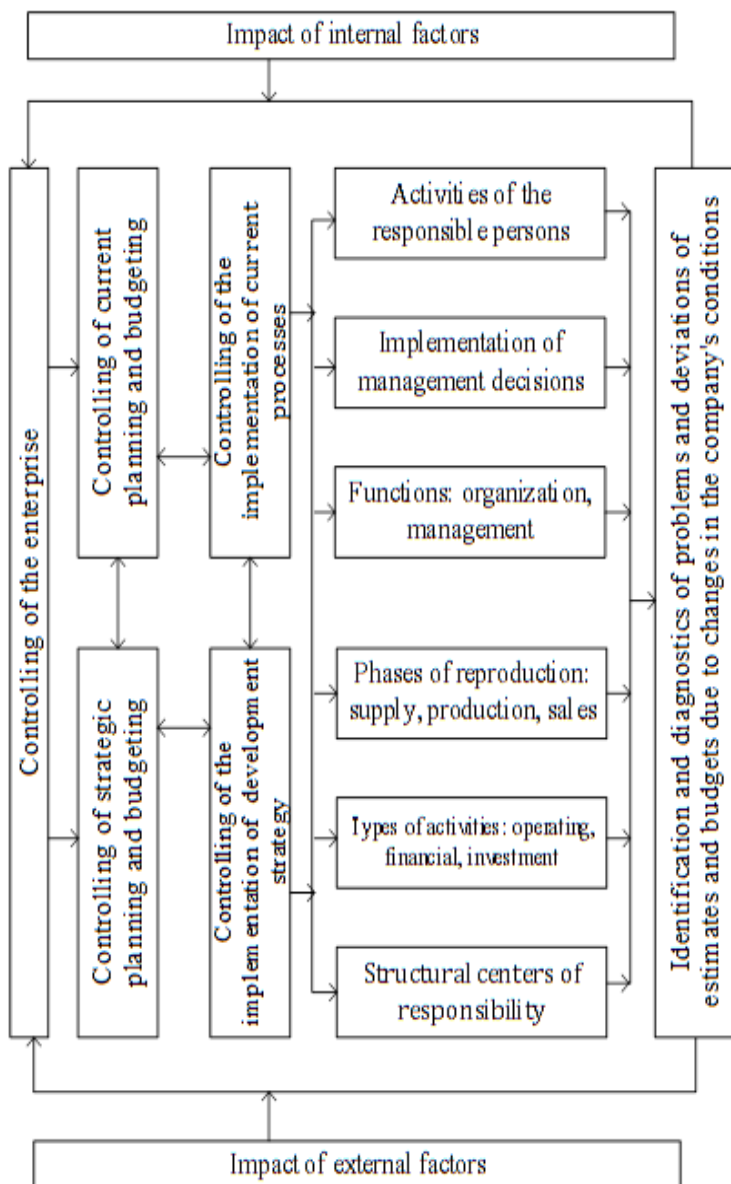


Fig. 3.1. Organizational and functional structure of controlling the enterprise and its internal relationships

The general organizational and functional structure of controlling the enterprise and its internal relationships is shown in Fig. 3.1.

As can be seen from Fig. 3.1. Controlling covers all meaningful components of financial management (planning and budgeting in their strategic and current manifestations).

Strategic controlling (which is based on a real assessment of the company's capabilities, trends in market development and state economic policy and industrial and technological progress) should ensure adequate viability in the long-term and monitor the company's movement towards a defined strategic goal, carry out constant permanent coordination of movement.⁴⁴

In this process, strategic controlling is manifested in two aspects:

- in the first aspect, strategic controlling should manage the process of achieving strategic goals defined within the current management system; monitor signals of troubles, "bottlenecks", as symptoms of the need to make amendments to the current management system. In this area, strategic controlling is designed to ensure the monitoring of the validity of strategic plans: to examine their completeness, coherence, development of control over the execution of planning processes;

- in the second aspect, strategic controlling determines the quality of the current management system. It reveals the strengths and weaknesses of the current management system, its effectiveness; generates new approaches to its organization, determines the degree of compliance of the current management system with the requirements of the external environment and makes the necessary changes in the management system.⁴⁵

⁴⁴ Martynenko V.P., Klymash N.I., Bagatska K.V., Demyanenko I.V. (2014) Financial Management: A Textbook. Lviv "Magnolia 2006". 344 p.

⁴⁵ Govorushko T.A., Sheremet O.O., Demyanenko I.V., Bagatska K.V. (2013) Management of the financial rehabilitation of the enterprise: a textbook. K.: Center of educational literature. 400 p.

The purpose of current controlling is to monitor the current parameters of the enterprise's development in order to keep them within the limits defined by the strategic plans regarding their levels.

This allows you to realize both current and strategic goals of the enterprise. Under this condition, the current problems are solved by the current enterprise management system, since this system is based on commonly used, aggregated information, focused on the efficiency of the enterprise. The object of attention of the current controlling is intra-economic relations between the functional components of management and ways of their integration to achieve the goals of operational tasks.

Controlling tools are various methods of analysis, the choice of which depends on certain specific tasks of a strategic and operational nature.

The conceptual foundations of the controlling methodology are systematicity, integration, constancy and consistency of functioning, compliance and targeting, which express the principles of its manifestation.

The systematicity of controlling is manifested in the fact that structural objects or individual problems of the operation of the enterprise must be covered by an adequate justified management decision based on the criteria of general economic interests.

The integrability of controlling assumes that any control element should not function separately, but only in a single control circuit based on the interaction of employees from different directions.

The consistency and consistency of controlling consists in the fact that the processes of the company's operation are under constant control, which involves the timely recording of the The relevance and addressability of controlling consists in the fact that

occurrence of deviations of activity from the planned parameters and the application of their correction.

the controlling links correspond to the specificity of the activity of the functional segments of the enterprise, which is necessary for the adequacy and certainty of the interpretation of the detected phenomena or trends in the justification of corrective management decisions.

In the market system of management, the economic independence of enterprises orients them to efficient activity: profitable and profitable, which is carried out in the mode of self-regulation on the basis of self-determined management decisions.

At the same time, the natural process of increasing the scale of business led to the emergence and wide spread of organizationally complex forms of the corporate type, which led not only to the removal of specific private owners of their capital shares from its management, but also to the splitting of the management system itself into two centers: administrative-organizational and economic-financial.

In Ukraine, the "Principles of Corporate Governance" were adopted on December 11, 2003. According to them, in a broad sense, "corporate governance" is considered as a system by which the organization and control of the company's business activities is carried out. It includes the regulation of the relationship between the investor-owners (shareholders) and its management and interested persons who have an interest in the results of the company's activities (employees, consumers, creditors, the state, the public, etc.).⁴⁶

The administrative-organizational management center acts as a management system that has a hierarchical structure,

⁴⁶ Davydenko N.M., Buryak A.V. (2015) Corporate management: education: training manual. K.: CP Komprint

which includes: the management apparatus, means of management work, and the formation of administrative-organizational decisions.

In world practice, there are two corporate management schemes: two-level and three-level. In the two-level system, management powers are divided between the highest body - the general meeting of shareholders and the executive body - the board or board of directors (administrators). And in the three-level system, one more link of administrative management is added - the supervisory board. This administrative link in most cases is dependent on the board of directors, so this link is practically not implemented.

In Ukraine, joint-stock companies mainly use a two-level management scheme.

According to scientist ⁴⁷, the existing problems of Ukrainian corporate governance have three main origins: historical (retrospective), institutional and purely managerial. The historical fact is that the formation of joint-stock companies in Ukraine did not take place on the basis of an evolutionary process, but as a result of the privatization of existing economic entities through property certificates, and due to both objective and subjective reasons, the majority of Ukrainians did not become shareholders. The institutional aspect consists in the fact that the heads of the already "falsely privatized" business entities were mostly representatives of the compartactive - former bosses who continued to be managers, having concentrated a decisive share of the capital in their ownership, ignoring the interests of the majority of small shareholders. And, finally, the third aspect is purely managerial. At the first stage of the formation of the market economy system in Ukraine, there were no financial

⁴⁷ Mostenska L., Novak V.O., Lutsyki M.G. (2011) Corporate management: Textbook. K.: Caravel.

managers at all. In this case, the authorized capital for a certain period; raw material, material and commodity flows, as well as financial flows, remained at the disposal of the administrative and organizational staff, subordinated to meeting their own needs.⁴⁸

The economic and financial center of the joint-stock company is represented, in addition to specific business technologists, by financial management specialists. Financial management embodies the process of formation and use of financial resources of the enterprise and management of its cash flows, and therefore in the structure of joint-stock companies it forms an autonomous management system - management of finances as financial relations, the efficiency of the functioning of the firm's aggregate capital.

One of the functions of financial management is the activity of specialists-professionals, focused on the mechanisms of conducting business with means of control, which exists as a controlling system.

Controlling is a functionally separate area of financial management due to evolutionary progress. This is the latest concept of management, meaningfully it is "management of management" according to the criterion of the rationality of the use of financial resources in achieving a common goal.

Controlling is based on the basis of accounting and operational-production accounting, analysis, control, planning, budgeting, aimed at supporting the financial balance of the enterprise by forming information about costs and revenues based on optimal management decisions.

Thus, controlling is not aimed at establishing the success of past activities, but at shaping success in the future. This is

⁴⁸ Davydenko N.M., Buryak A.V. (2015) Corporate management: education: training manual. K.: CP Komprint

embodied in the systems of planning, budgeting and ensuring the anti-crisis stability of the enterprise.

The system of controlling for successful financial management needs sources of quality information on finances from both internal and external sources and must take into account the trends of institutionalization of these aspects and the development of financial accounting.

Information of finance (financial relations, financial infrastructure of the economy) is information that directly represents the movement of value (money capital) in the economy, as well as that which characterizes the processes that are directly and indirectly related to it, i.e. cause or are caused by this movement.⁴⁹

Finance information can be formalized in absolute amounts of certain monetary units, in indices, coefficients, percentages, ratings, ranking, formulas, financial models, tables, charts and graphs, including modern infographics, in text description and other forms. Thanks to modern information technologies, and above all computers, the Internet, the world wide web (world wide web, www) and mobile communication, such materials are quickly and easily presented in visual and audio forms.

The growth of interest in financial information is accompanied by processes of formalization of requirements for collecting, accumulating, processing, preparing and presenting such information to users. Requirements for coverage, frequency and timeliness of data submission, reliability and quality of disseminated information, access to it for all users are standardized.

The Institute of Financial Accounting is a systematic activity for the detection, collection, accumulation, analytical

⁴⁹ Ryazanova N. (2017) Institute of Financial Accounting Information society: the essence and modern paradigm of development: monographs. Kyiv: KNEU. P. 18.

processing, preparation and presentation to users in forms acceptable and convenient for them of unlimited access to financial information.

Historically, this institution was born as a result of the objective development of society and its economy, and the process of its formation has certain prerequisites and stages.

Austrian-American sociologists Peter Ludwig Berger and Thomas Luckmann studied institutionalization as a dynamic process of emergence, formation and consolidation of social order. In the work "Social construction of reality. Treatise on the Sociology of Knowledge" (1966), they considered the concept of "institute" in the historical context and distinguished three stages (stages) of the development of society's institutions - typification, objectification and legitimation.⁵⁰

We share this approach in the analysis of the evolution of society's institutions and, in particular, the institution of financial accounting.

The *first stage* of the development of any institution in society is the typification of activities that become the content of this institution. At the same time, the sprouts of institutionalization appear in every social situation that lasts a certain time. Due to typification, the activity is denoted by the concept of "institute", the institution is accepted by members of society.

At the *second stage*, the formation of the institution takes place, its objectification (objectivation), when the institution is historically fixed due to the ability to reproduce itself in generations. At this stage, the institute turns into an objective social reality, which is determined by its reproducibility in generations and historicity.

⁵⁰ Berger P., Lukman T. (1995) Social construction of reality. Treatise on the sociology of knowledge. - M.: Medium, pp. 80–120

The *third stage* is consolidation. In it, the legalization (that is, the legitimation (from the English legitimation) of the social order, its explanation and justification takes place. This is observed when the institutional order expands beyond the life of one generation. The legalization of the institution becomes necessary, since the historical reality is imitated by new generations as a tradition. At this stage, knowledge about this or that institution and its place in society is crystallized, and the understanding of social reality is consolidated.⁵¹

In the temporal dimension, all three stages of institutionalization do not necessarily take place in strict sequence one after the other; they may partially coincide in time, continue in parallel.

Based on this approach, we believe that financial accounting is currently entering the second stage of its institutionalization, when it is objectified; at the same time, entry into the third stage - legalization - begins.

Finance information is also divided into primary and secondary. At the same time, primary information is an attribute of financial relations. The human mind and technical means, perceiving and recording this primary information, form secondary information. For a person, information about objects and processes is their reflection (reflection) in the form of numbers, formulas, descriptions, drawings, symbols, images.

At the same time, the human mind processes secondary information perceived by a person in accordance with the level of his development, knowledge and ability to perceive information. It is secondary information that appears to us as statistical data,

⁵¹ Ryazanova N. (2017) Institute of Financial Accounting Information society: the essence and modern paradigm of development: monographs. Kyiv: KNEU. Pp. 19-20.

accounting documents, financial reports, analytical materials, etc.⁵²

The connections between primary and secondary financial information are characterized as follows:

a) secondary financial information characterizes primary information, its properties, structure, forms and depends on it;

b) secondary financial information can be repeatedly transferred to other media without loss of content, multiply, therefore it does not depend on primary information to some extent;

c) new primary financial information appears under the influence of both secondary and other primary information, and in this secondary and primary financial information are interdependent.

It is important to realize that all measurements and calculations regarding finances are carried out precisely on secondary information, which, characterizing the properties of primary information, depends on it, but is not it.

Although in practice all economic participants usually proceed from the fact that they operate with complete information, various accounting documents, reporting forms and analytical materials contain only that financial information that the human mind and various technical means were able, wanted and had the opportunity to record (i.e. secondary information), and not what actually existed in our economic environment, in its financial relations (i.e. not primary information).

There is a lot of evidence that, firstly, society uses secondary financial information in its activities, which is not identical to the primary one, building its financial relations accordingly. Secondly, the level of adequacy of secondary

⁵² Ryazanova N. (2017) Institute of Financial Accounting Information society: the essence and modern paradigm of development: monographs. Kyiv: KNEU. Pp. 91-93.

information to primary information directly depends on human knowledge and the ability to perceive primary information both by the human mind and by human-made memory carriers.

The phenomena of primary and secondary information are directly related to the informational asymmetry of finance. The basis of information asymmetry is primarily that secondary information is not identical to primary information. In addition, available secondary information may be perceived differently by users.

Differences in interests and the human factor can cause distortion of information by individual participants in financial relations. Inconsistency of secondary information with primary leads to the fact that new financial information generated taking into account such inadequate secondary information contains new false data.

Although there are factors of asymmetry of financial information in society today, in our opinion, another position can be distinguished in the informational concept of finance: the regularity of the modern information society is the information convergence of economic participants. This is a peculiar manifestation of the law of unity and struggle of opposites.

That is, information asymmetry and information convergence in finance exist simultaneously, but the former precedes the latter. We believe that with the further development of the information society, its advanced information technologies and human knowledge, the gap between primary and secondary information in finance will decrease, and the level of perception and understanding of people and the technical means of information created by them will increase.

Therefore, the company's controlling system must be constantly improved thanks to the use of the latest methods of information collection and processing.

3.3. CONTROLLING FINANCIAL PLANNING AND BUDGETING OF BUSINESS ACTIVITIES

Financial planning in general is the management of the processes of creation, distribution, redistribution and use of financial resources at the enterprise, which is reflected in detailed financial plans.⁵³

Planning transforms the goals and tasks of the enterprise into a concrete expression of a diverse set of actions and resources necessary for the implementation of activities to solve the necessary tasks in achieving the specified goal. That is, financial planning is a cost-integration process that determines specific quantitative and qualitative parameters of the cost (financial) measurement of costs and results of business activities for the required planning period. In particular, the most important signs of activity: the strategy and tactics of development, the dynamics and structure of resource potential, the amount of expenses, output, income and the level of economic efficiency.

In accordance with the above, financial management on the basis of controlling evaluates all possible management decisions according to the criterion of their rationality, selects the most effective alternatives for business operations, more fully utilizes the available effective opportunities, really successful means, methods and ways of achieving the company's goals.

The important importance of controlling in the planning system also lies in predicting the level of riskiness of business activity and justifying management decisions in choosing means of its minimization in order to ensure proper financial stability of the enterprise.

⁵³ Brigham E.F. (1997) Basics of financial management. K.: Youth. P.301

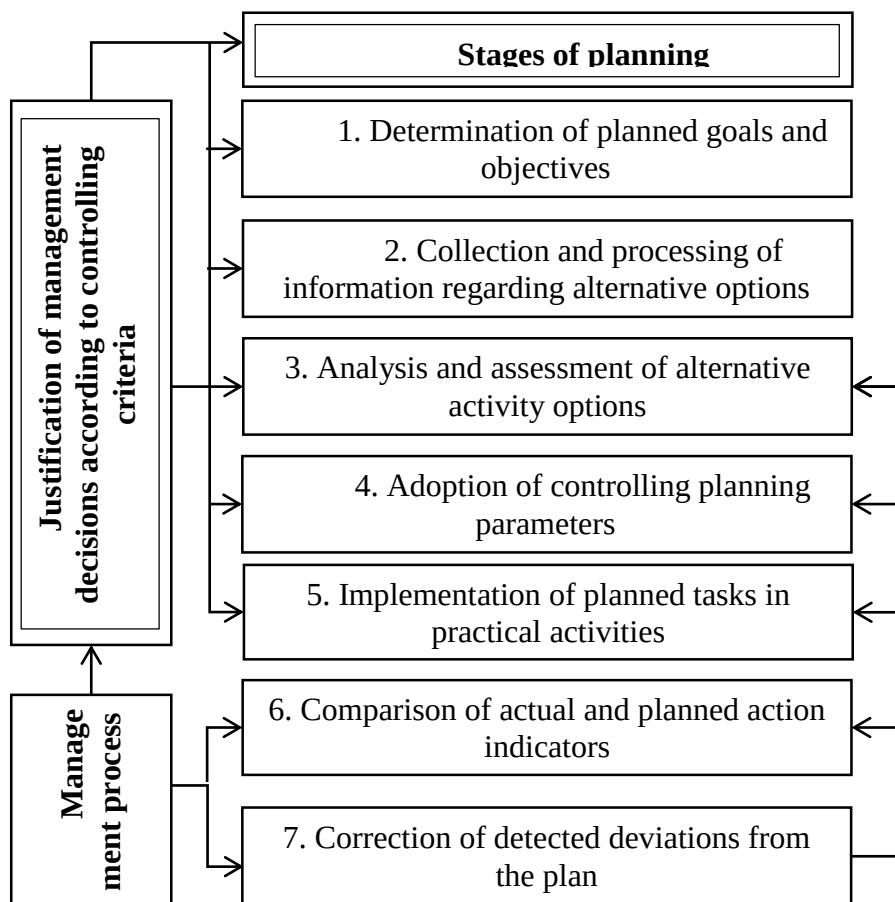


Fig. 3.2. Controlling system in the development and implementation of enterprise plans

The purpose of planning is to determine by managers for a certain planning period the directions, rates and proportions of the development of the enterprise, taking into account the actions of economic and legal laws and functional trends of market relations. The planning of the development of the enterprise by

managers is aimed at ensuring the balance of the interactions of certain types of factors (primarily - resources) to establish the proportions and rates of expanded reproduction of capital. Planning is carried out in stages (Fig. 3.2).

As can be seen from Fig. 3.2, the entire set of planning processes at the enterprise functionally forms two groups of stages: target meaningfulness in their logical sequence and directly - management processes, justification of management decisions, which ensures their combination.

The ascending basis of planning is the actually achieved level of financial capacity of the enterprise, the degree of generation of own profits, creditworthiness and soundness of decisions.

The result of planning is a plan as a project document, which contains an exact list of actions, processes and measures intended to be carried out, their sequence, volume in kind or cost form, as well as specification of the address of its purpose and the responsible coordinators of its implementation.

The following plans are developed according to the duration of the perspective of the planning period: long-term and short-term, according to content - strategic and tactical, current and operational, as well as project plans (mainly used in the development of investment projects).

According to the content of the tasks, the financial plans of the enterprise have the following differences:

- Strategic plan (5 or more years): formation of enterprise goals that must be achieved; calculation of the need for financial resources for this and their sources of accumulation; determination of priority directions of successive actions for the implementation of dynamic processes in achieving the goal; determination of possible obstacles and risks and measures to minimize them;

- Tactical level (2-3 years): assessment of financial capacity and implementation of financial and strategic measures to ensure its successful performance of business tasks;

- Operational level (1 year, quarters, months, decades): assessment of completeness and ensuring the financial possibility of implementing current tasks; monitoring the timeliness and completeness of current tasks as a criterion for success in achieving strategic and tactical shifts.

World experience shows that three types of typical enterprise strategies are observed in the vast majority:

- leadership in cost minimization, on the basis of which the company strives to become a producer in the industry with the lowest level of cost of products and services;

- diversification of products and services, on the basis of which the company strives to have their unique characteristics, which are appreciated by consumers, and by which it will be possible to increase the sales price;

- focusing the production of products or services on certain areas of consumers, which will make it possible to master a separate segment of the market without competitive threats and thus create a safe "niche" in the market with its assortment and price policy.⁵⁴

In general, the strategy of enterprises is focused on the implementation of measures that will contribute to the growth of profitability and this can be considered in two dimensions:

- benchmarks of strategic orientation (expansion, maintenance of the achieved level and use of positive achievements, which lead to strengthening the rationality of activities);

⁵⁴ Drury C. (2008), Management and Cost accounting (7th edition) Thomson, London. P.520

- strategic positioning, support of competitive advantages (reduction of costs and differentiation of the range of products or services).

Thus, the strategic development plan of the enterprise defines its ideology of activity for a long period, the real possibility of which is determined (as already noted, Fig. 1) by the strategic controlling of financial management and specified in the justification of its goal, carried out on the basis of the forecasting process.

Forecasting is a prediction of the future state from the current position of the internal and external environment of the enterprise. It is based on scientific methods of assessing the objectivity of changes and the subjective intuition of seeing the consequences of these changes - as factors of quantitative and qualitative signs of economic conditions in the future.

The practical significance of forecasting lies in the formation by the business entity of its development strategy, adaptive to the requirements of scientific and technical progress, the socio-economic state of society, financial and resource support of production, changes in the priorities of consumer needs and other factors and trends. The reliability of the basic basis of the necessary positions of strategic development policy and adaptive shifts in business processes of a current nature are ensured by calculations of strategic and current controlling, which are based on such research methods.⁵⁵

Methods of strategic controlling: PEST-analysis (assessment of social, economic and political factors); analysis of alternative solutions (outsourcing production); "curve of experience"; SWOT analysis (assessment of strengths and weaknesses, sides, threats, opportunities); analysis of strategic

⁵⁵ Davydenko N.M., Buryak A.V., Titenko Z.M. (2019) Financial activity of economic entities: Study guide. The second edition is supplemented and corrected. K.: CP Comprint. Pp.266-293

potential (totality and structure of capital); portfolio analysis; strategic analysis of the life cycle of leading products); development of alternative scenarios of the possible development of the enterprise for the adoption of the final management decision.

Methods of current controlling: analysis of parameters of the break-even point of economic activity; analysis of trends in price changes for material and financial resources, labor, goods and services; optimization of the size of product batches; analysis of sales markets; portfolio analysis (distribution of activities by product and market strategies); ABC analysis; XYZ analysis; GAP analysis; planning of resource needs and sources of their supply; financial analysis of production trends; assessment of the company's financial condition and identification of trends in its changes; assessment of innovation and investment capacity; functional and cost analysis of business, etc.

In general, controlling methods in forecasting are divided into two groups: extrapolation and analysis of the nature and tightness of cause-and-effect relationships.

On the basis of extrapolation, the formation of future parameters of the business development process is evaluated, assuming a smooth, uninterrupted continuation of those trends that have developed in the past and are already familiar (that is, the preservation of the trend).

Based on the analysis of cause and effect relationships, the degree of effectiveness of the influence of individual factors on changing the parameters of business development and their purposeful use in practical activities in the formation of management decisions is determined.

Scientifically based and practically verified technological maps of production processes, built on the basis of substantiated and valid standards of costs for the implementation of production

operations, i.e., the norm of resource costs for the output of products, and therefore the expected profit, act as an information base for determining the planned costs of the enterprise. On this basis, the achievement of the planned volumes of production (which determines the degree of development of the enterprise) determines the necessary amount of expenses - that is, the financial capacity of the enterprise to generate income sufficient for the desired increase in dividends of capital owners and, at the same time, the image of financial managers who provided it.

Thus, the development of the enterprise is carried out on the basis of an increase in the volume of expenses, which forces financial managers to determine sources of capital replenishment, prepare contracts for obtaining a loan, the necessary supplies of raw materials and other material resources, carry out innovative investment modernization of the technical and technological complex and the corresponding personnel support, expand the product sales market, etc.

Determining information on ensuring the validity of management decisions in order to form a financial platform for achieving the planned goals of the strategic development plan, and then its stages: consecutive five years in their annual plans, allows to reveal the analysis of "costs - output - profit" (COP).

This type of analysis allows you to monitor and determine the degree of dependence between the change in the volume of output and the total receipts of funds from the sale of products, expenses and net profit.

Analysis of COP allows you to determine critical levels of production output (in particular, those situations when an operating enterprise will not have profits), and to calculate break-even parameters, as well as to investigate how changes in the volume of output and its sale affect profit and to form appropriate management decisions.

It is necessary to pay attention to the fact that planning requires the use of a large amount of information and time for the necessary preliminary calculations. The multifaceted nature and great variability of possible solutions requires the use of computerization of calculation processes. For relatively small companies, it is sufficient to use the MS Excel system, and for large ones - Lotus 1,2,3.⁵⁶

Computerization of planned calculations is especially useful when evaluating alternative options for management decisions in their budgeting.

Budgeting is the process of fixing the planned parameters of business activities carried out according to the balance sheet principle. That is, budgeting acts as a format of financial plans of each level and at the same time an expression of management technology. The budget reflects financially justified management decisions on the set of operations and actions provided for in the plan. In this regard, budgeting as a basis for planning is the most accurate expression of all planned indicators and resources in the financial dimension.

The system of enterprise budgets (both strategic and tactical annual) contains tasks that must be achieved in the planning period, that is, the program of their activities. At the same time, budgets act as objects of strict control, both current and operative, over the expenditure of resources and the receipt of funds and the level of financial efficiency of economic activity, which is a manifestation of budgetary controlling.⁵⁷

⁵⁶ Savchuk V.P. (2001) Financial management of enterprises: applied questions with analysis of business situations. K. Publishing house "Maximum" P.720

⁵⁷ Davydenko N.M., Buryak A.V., Titenko Z.M.(2020) Budgeting of companies: training manual. - K.: CP Komprint. P.430

The system of budget planning and controlling extends to the activities and structural divisions of the enterprise, but their format is estimates. This is important from the standpoint of the following arguments:

- allows you to detail the operating conditions of each unit and provides them necessary for success, to take into account the suggestions and comments of their managers, which characterizes the planning process as a combination of "top-down" and "bottom-up" approaches;

- forms an end-to-end budgeting system at the enterprise, covered by controlling and consolidated to achieve general business goals. This system should function according to the principle of decomposition - the budget of the lower level is a detail of the budget of the higher level, and all of them together form a common unity - the general plan of the business activity of the economic entity.

The consolidating factor that unites the efforts of all units and directs them to achieve strategic goals is managerial controlling of financial management. It has advantages over other types of management: behavior management (behaviorism); management through mutual relations and management by results. These types of management arose historically and function mainly as administrative-organizational, personnel, clan. Their shortcoming is the lack of numerical evaluation targets. Controlling has advantages over the mentioned types of management, because it has accurate, objective, understandable and timely indicators for assessing the success of human activity.

In addition to the above, management controlling is characterized as management with feedback, i.e. comparing the achieved result with planned indicators and in case of deviations from the target result, actions are adjusted according to the goal of minimizing costs. The most important advantage of managerial

controlling is that it functions with indicators of the financial dimension. Financial indicators of managerial controlling are most clearly related to the strategic goal of the enterprise's development.

Financial indicators for measuring business performance made it possible to decentralize management by forming centers of financial responsibility in its organizational structure.

The responsibility center is a structural division of the enterprise in which its manager is responsible for the success of the activity, which is recorded by the budgeting system and management accounting. This accounting is ideologically intra-economic, acting as a system for processing and preparing information about the activities of structural units for internal users in the process of managing the enterprise.⁵⁸

In the process of development of the market system of management in corporate-type enterprises, four types of centers of financial responsibility were formed: cost centers, income centers, profit centers and investment centers that function in the financial field of the enterprise.

Based on the experience of the operation of responsibility centers in US corporations, K. Drury described the meaningfulness of their activities in this way.⁵⁹

- **Cost centers** – structural subdivisions of responsibility for costs that are under their management control. In turn, according to their specifics, they are divided into regulatory cost centers and discrete cost centers:

- *Centers of regulatory costs* are characterized by the fact that the result of their activity can be determined by the volume of output and vice versa - the volume of output allows to

⁵⁸ Davydenko N.M., Buryak A.V., Titenko Z.M.(2020) Budgeting of companies: training manual. - K.: CP Komprint. Pp.154-161.

⁵⁹ Davydenko N.M., Buryak A.V., Titenko Z.M.(2020) Budgeting of companies: training manual. - K.: CP Komprint. Pp. 258-343.

determine the volume of incurred costs. The difference between actual and standard costs is considered a deviation that must be leveled. Regulatory cost centers are appropriate for all production divisions;

–*Discrete cost centers* are characterized by the fact that the result of their activity does not have a financial dimension and is not closely related to costs. In this case, cost management is carried out according to the estimate of the responsibility center as a planned task of targeted funding that must be fulfilled. An example of such cost centers is the service of advertising, public events, scientific research and other processes provided by the enterprise with the allocation of financial resources for this purpose.

- ***Centers of receipts of funds*** – centers of responsibility for the results of receipts of financial resources from the sale of products in the network of objects of their sale. In individual centers of this type, products are received for their subsequent sale, as well as responsibility for the payment of salespeople, the amount of commission costs, and the processing of orders. But they are mainly responsible for the effectiveness of sales revenue.

- ***Profit centers*** are responsible for both the production of products and their sale with the final result in the form of profit. This is their greatest, compared to other types, level of autonomy.

- ***Investment centers of responsibility*** – centers that are responsible for both the receipt of financial resources from the sale of products and expenses and are authorized to make decisions regarding working capital and capital investments. Typical indicators of the activity of this type of responsibility centers are the inflow of financial resources into profit and an economically significant amount of added value. These performance indicators are influenced by expenses, income, and used assets. Thus, their responsibility is expanded. Such centers

of financial responsibility have the highest level of autonomy of their activities. An example of such centers can be individual investment projects, the company as a whole or its subsidiary structures, operational groups and separate divisions.⁶⁰

As already mentioned, the basic financial basis of activity of responsibility centers are their estimates.

The estimate is a planned financial document, which establishes the authority to carry out certain expenses and receive appropriations necessary to ensure the fulfillment of the planned tasks defined by it. Determination of estimates for the functional activity of the enterprise's responsibility centers is the transformation of the general economic budget to its executors within the annual period. In this regard, estimates are more accurate and more detailed than those expressed in long-term plans and oriented more specifically. And due to the fact that responsibility centers are specialized and have real experience in their field, estimates are developed in the context of existing experience, taking into account previous decisions, acting as an integrative manifestation of long-term planning and adaptability to changes in economic conditions.

The development of estimates for responsibility centers should be based on the principle of coordination. The requirements of the company's annual plan form parameters that are requirements "from above", and the real experience of managers of responsibility centers acts as a kind of opponent, giving critical assessments of certain provisions from the position of a practical approach "from below". Only on the basis of the coordination of individual provisions, the planning and financial commission adopts the optimal option, weighed from the standpoint of controlling.

⁶⁰ Drury C. (2008), Management and Cost accounting (7th edition) Thomson, London. Pp.574-576.

One of the tasks of budget controlling when making management decisions is to determine the acceptable level of budget tasks from the point of view of the difficulty of their implementation. This is due to the fact that a motivation system is used for the successful performance of estimation tasks - incentives for the success of performance of estimation tasks have a positive effect on the condition that success is really achieved as a result of efforts, and not in the case of the ease of the task.

Thus, controlling in the context of "planning-budgeting" consists in substantiating management decisions primarily in the field of "costs". This ensures rational use of resources in relation to the amount of income: fixed and working capital, energy resources, their productivity in terms of value, the proportion of the ratio between types of fixed and variable costs to achieve not only break-even, but also sustainable profit growth.

However, when assessing the success of performance of the estimation tasks of the responsibility centers with an earlier emphasis on "in the field of expenses", the controlling assessment of success is not based on the direct understanding of "fulfill the expenditure plan", but on the criterion of the degree of effectiveness of expenses. After all, producers should use resources economically and efficiently, not wastefully.

It should be noted that the performance of estimated production tasks has two objective limiting factors. This happens, firstly, when the demand for the company's products decreases significantly. And secondly, when production is held back by production capacity, that is, when consumer demand exceeds the ability to supply it. In addition, the state of the economy and the actions of competitors can affect the demand for products. All this makes it difficult to guarantee the accuracy of the estimation tasks to the centers of responsibility.

After the discussion of all intra-household estimates of responsibility centers, they are combined in the budget of the annual plan of the enterprise, which reflects profits and expenses, the movement of cash flows.

The activity of responsibility centers of enterprises is recorded by the central accounting service based on the introduction of sub-accounts of their estimates for them, that is, by management accounting.

Management accounting is an intra-household accounting system of activity centers of responsibility. This accounting provides the financial management of the enterprise with operational information for the processes of planning, evaluation and control of the mode of targeted use of resources and its actual effectiveness, determined by the estimated allocation of relevant needs.

Management accounting information about the parameters of the current activity of the company's responsibility centers provides controlling with the opportunity to systematically monitor their activity, and to regulate it by adjusting the actual parameters from the planned - estimated parameters. This is one of the functions of management accounting: providing financial managers with economic feedback that focuses on the rationality of spending resources and ensuring the efficiency and productivity of current operations.

The following approaches to controlling the execution of estimates at the enterprise are most often used:

- analysis of deviations of the actual parameters of the estimate from the planned ones, focused on taking into account the identified circumstances when preparing the next estimates;
- analysis of deviations, focused on the next management decisions to determine the amount of planned indicators;
- analysis of deviations under conditions of uncertainty;

- a strategic approach to the causes of shifts that generate deviations.

The process of controlling, which is based on the information base of management accounting, is shown in Fig. 3.

As can be seen from Fig. 3.3, the purpose of budget controlling is to identify significant deviations that require adjustment: either the planned parameters of the budget, or extraneous activities. The materiality of deviations of the actual parameters is determined according to the criteria of the "costs - output - profit" analysis, of course when the deviations are significant.

Proper budgetary controlling with a system of estimates of responsibility centers is based on taking into account all operations from expenses (cash flow outflow) and income (cash flow inflow), and therefore allows identifying weak and strong financial positions of the enterprise both in absolute and relative sizes. In accordance with this, the company is improving its activities.

The so-called regulatory standards are the basic basis of the indicators that determine the success of the current activity of responsibility centers, which is carried out by systematic monitoring and controlling.

Normative standards are a planned regime of costs for the performance of specified tasks: materials, energy, working time, the volume of work and its productivity, wages and other types of costs.

The size of the normative cost standards is determined on the basis of the calculation of the production costs of the centers of responsibility. The very calculation of the cost of planned production (and therefore the regulatory standards of costs per unit of production) is determined on the basis of the existing production technology. In this case, the regulatory standards are

considered "practically achievable" by their level, and therefore they are communicated to the executors and become the basis for evaluating the success of the enterprise.

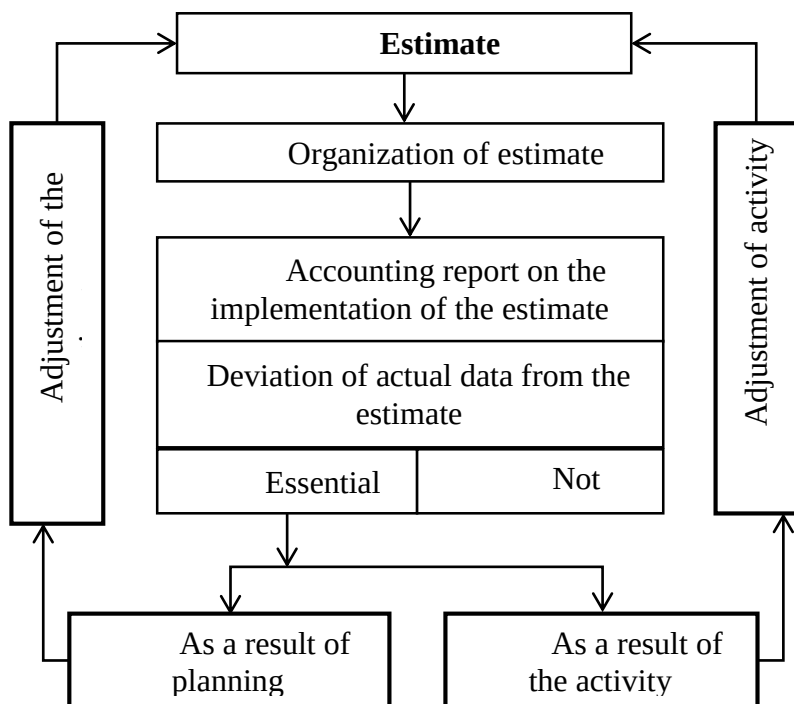


Fig. 3.3. Estimated controlling system

In the process of functioning of management accounting, all facts of deviations from the established cost standards are recorded. After all, if the total amount of costs of a certain responsibility center is known, then the "specific weight" of each element of costs for obtaining a product is known based on the planned cost structure. That is, the total amount of costs of the responsibility center, recorded by management accounting, based

on the "specific weight" of each element of costs, allows you to determine what the actual costs of individual types of resources should be.

On this basis, the actual deviations of the costs of individual resources from the planned ones are noted. Managers should identify the reasons for deviations of the actual amount of resources spent from the planned (standard).

There are two reasons for deviations of actual costs from the volume, whatever they may be according to regulatory standards: erroneous determination of the planned standard of costs of a specific resource, or the quality of production activities. If a systematic deviation of the costs of a specific type of resource is detected, then the value of its planned standard is adjusted. Cost standards are also revised as new, more efficient technologies are introduced and labor productivity increases on this basis. As for the standard prices, they are adjusted with market realities: as a rule, quarterly, and in conditions of high price dynamics, more often.

If the managers discover that the reason for deviations of the actual amount of expenses from the planned and standard is the quality of production activity, then management controlling should detail its essence. After all, the quality of activity can improve and deteriorate. Improving the quality of activity due to improvement of its rationality, organizational discipline, initiative, etc. is assessed by controlling as a positive fact. If a deterioration in the quality of activity of a certain center of responsibility is detected, then in this case, controlling must provide the administration with the facts of its manifestation in order to make appropriate decisions.

Therefore, management decisions that are made based on the detection of deviations of actual parameters from planned ones can be recognized as such an administration system, when

controlling decisions on adjusting plans and production activities are a consistent process of improvements aimed at the progress of entrepreneurship. Feedback in this regard should be adequate stimulation of financial management employees. The evaluation of their work of the corresponding qualification should not be lower than the average level on the labor market, and bonuses should be in accordance with the degree of over-fulfillment of the profit-making plan in the management facilities managed by them.

It should be noted that the deviation of the actual values of management indicators from the planned ones can occur not only due to the considered reasons, but also due to the uncertainty of management conditions.

Uncertainty is the absolute impossibility of knowing about the objective and subjective factors of the functioning of the economic system, the ambiguity of its parameters and cause-and-effect relationships. The greater the uncertainty when making economic decisions, the greater the degree of risk.

Risk is the threat of financial losses due to the failure to achieve the set goal or the ambiguity of the predicted result.⁶¹

Uncertainty, generated by the riskiness of financial and economic activity, can manifest itself in various circumstances and have both negative and positive consequences.

K. Drury suggested classifying uncertainty by zones of its occurrence:

- external business environment;
- competitiveness of the company's strategy and strategic policy;

⁶¹ Financial support for the functioning of the agricultural sector in modern conditions . N. Davydenko, O. Gudz, L. Gutsalenko, Ye. Kaliuha, N. Prokopenko, N. Trusova and others: [Ed. by Doctor of Economic Sciences, Prof. Davydenko N.M.] Verlag SWG imex GmbH, Nürnberg, Deutschland, 2020. Pp. 116-153

- technologies and technological interdependence of enterprise activity;
- the variability of the operating conditions of the business entity and the industry in general;
- a factor related to the level of qualifications of managers, their knowledge and skills, and the ability to "see" the processes of manifestation of uncertainty of a different nature, depending on the zones of manifestation.⁶²

In cases where the risks of uncertainty acquire conscious contours, the risks become clear and can be studied and evaluated. In general, the financial and economic consequences of making risky decisions in reality have three forms of consequences:

- negative (damages, losses, loss);
- zero (neutral, when there are neither profits nor losses);
- positive (profit, benefit, gain).

In general, entrepreneurship is inseparable from risk, since it is a field where initiative and innovation are a conscious activity, then a conscious, bold, non-trivial management decision is a driving factor for economic success, to be profitable.

In connection with the above, the risks and riskiness of entrepreneurship is one of the specified spheres of controlling - the justification of risk management decisions both in the field of planning, budgeting, monitoring, and in adjusting the success of economic activity, or the application of preventive anti-risk measures, which is implemented by the enterprise's risk management system.

Summarizing the considered issues of the organization and functioning of controlling in the areas of planning and budgeting, the following should be noted:

⁶² Drury C. (2008), Management and Cost accounting (7th edition) Thomson, London. Pp. 632.

1. Budgeting is a means of information and concretization of enterprise plans (strategic, current and operational) as enterprise development programs.

2. The budget is the only format of enterprise plans that is unique only to legal entities. Therefore, in our opinion, the use of the term "budget" for structural divisions is erroneous. The format for them is the estimate, which functions on the basis of financial allocation from the budget and is actually synonymous with the budget.

Controlling as a tool of the management process is at the intersection of accounting, information provision, control and coordination and occupies a special place in management the company. Controlling is a kind of self-regulation mechanism at the enterprise, which provides feedback in the management loop. Controlling provides the basis of enterprise management for the functioning of an effective management system. The main task of financial controlling is not only to control, but also to ensure the relationship between the components of the overall management system of the enterprise.

The effectiveness of solving the financial problem depends on the clarity of coordination of actions of different levels of management using the selected controlling tools for their implementation.

3.4. MECHANISM OF DIRECT TAXATION IN THE TAX SYSTEM OF UKRAINE

Effective functioning of the tax system in Ukraine is one of the main prerequisites for ensuring the stability of the economy.

The tax system is one of the main levers that regulate economic relations between producers and the state. This system should serve the country's exit from the crisis and business activity. At all times, data has been a mandatory element of the financial system. They are the main lever for the formation of the revenue part of the budget. The absence of taxes paralyzes the normal work of any state. The tax system requires a long and accurate analysis. It is this system, acting as a basis for ensuring the functioning of public expenditures, that is an important component of economic development and a way to attract investments to Ukraine.

At the current stage of the development of the tax system, the efficiency of tax legislation is constantly being improved, new methods are being sought and tasks are being solved in order to increase the revenue part and fill the budget. The problem of taxation was and remains a relevant topic, since data is one of the final components of the development of society. It is they who help to effectively shape state policy on issues of social and economic development.

Sustainable development of the country, industries, mechanisms for stimulating entrepreneurial activities of organizations and individuals depend on taxation.

Taxation is fundamental to sustainable development: it supports the core functions of an effective state and provides the context for economic growth. The development of the economy is closely related to the implementation of the tax policy, and the level of the tax burden is determined by the main indicator of the

quality of the tax policy. The structure of the tax system is also of no less importance: typed tax instruments, a list of rates and forms of tax administration that affect taxation.

According to the concept of another tax system, mostly the largest scholars reach a consensus and agree that the tax system is a set of interdependent taxes that complement, restrict and influence each other and are levied in the country according to the general principles of taxation, including tax administration as its elements [1, p. 49].

We believe that its main features include: integrity (unity and indivisibility); national specificity; openness; dynamism (variability) of the system; direct connection with elements of the financial system; derived character from social relations; interdependence with other state systems; interdependence and interconnection of system elements; the complexity of the system and its structure.

However, the tax system is not only taxes and their rates, but a complex of relationships in the field of taxation, so the main competitive advantages, in our opinion, should be formed at the expense of: the most rational ratio between types of taxes; convenient terms of payment and administration of taxes; transparent and fair tax control systems; compliance with the legal rights and interests of taxpayers; clear relationships between all tax subjects; balanced use of tax incentives [2, p.130].

The formation of competitive advantages of the tax system based on a balanced approach to taxation conditions and administration tools, ease of doing business in a certain territory and realistic regulatory and administrative rules will not lead to the emergence of unfair tax competition. At the same time, responding to global and regional trends in taxation only

promotes the quality of the tax system and ensures the implementation of a balanced tax policy for business entities.

Budget revenues are tax, non-tax and other revenues on an irrevocable basis (including transfers, fees for the provision of administrative services, own revenues of budget institutions), the implementation of which is provided for by the legislation of Ukraine [3].

The budget characterizes the level of economic development of the country. It is under the effective budget process that the appropriate standard of living of the population, social and economic stability of the state as a whole is ensured. Thus, through the state budget, the state's executive authorities implement foreign and domestic policy, stimulate and regulate the economy, and finance social policy. An increase in allocations from the state budget contributes to the growth of aggregate demand in the economy and, accordingly, to an increase in output and employment. With the help of statistical methods, revenue receipts and expenditures are monitored, the structure and dynamics of budget items are studied, the relationship between individual items is analyzed, patterns of their distribution are revealed, and the relationships between the indicators of budget revenues and expenditures are characterized and evaluated. That is why an important stage of the work is the statistical analysis of the revenues of the state budget of Ukraine [4].

It should be noted that the stability of revenues and their size was affected by the COVID-19 pandemic, which caused a significant reduction in the global economy, an increase in unemployment, the decline of many industries, culture and art, tourism, reformatting of the educational process, etc. This trend can be followed by the dynamics of revenues of the Consolidated Budget of Ukraine for 2019-2021.

The sources of state budget revenues are tax and non-tax revenues, revenues from fixed capital operations, funds from foreign countries and international organizations, trust funds and transfers. The analysis of the revenue structure of the Consolidated Budget of Ukraine for 2019-2021 is shown in Table 3.2.

Table 3.2

The structure of revenues of the Consolidated Budget of Ukraine for 2019-2021

Indicator	2019		2020		2021	
	million UAN	%	million UAN	%	million UAN	%
Tax revenues	1070321,8	82,9	1136687,2	82,5	1453804,1	87,4
Non-tax revenues	212789,2	16,5	234409,5	17,0	202541,0	12,2
Income from capital transactions	3111,9	0,2	3552,5	0,3	3790,9	0,2
Funds from foreign countries and international organizations	1184,2	0,1	1176,0	0,1	1325,9	0,1
Trust funds	2372,8	0,2	836,4	0,1	780,8	0,0
Transfers	1184,2	0,1	1176,0	0,1	1325,9	0,1
Total income	1290964,1	100	1377837,6	100	1663568,6	100

Source: created by the author based on [5]

Each of these components is important, but the most budget-forming component is tax revenue. According to the revenue structure, they occupy a share that reaches more than 80% every year. In 2021, tax revenues amounted to 87.4%, which is the largest indicator in terms of volume for the studied period.

A significant share of the revenues of the Consolidated Budget of Ukraine is occupied by tax revenues. The conducted

studies show that the value added tax occupies a significant share in the structure of tax revenues. So, in 2021, the share of the tax was 36.9%, which is UAH 383,482.3 million. more than the indicator of 2018. The next tax in terms of revenue is the personal income tax, which accounts for 24.1% of the revenues of the 2021 Consolidated Budget. The smallest share of revenues to the budget are taxes on international trade and foreign operations, more precisely, customs duties - 2.6% and fees on fuel and energy resources.

In general, tax revenues increased by 27.9%, which is an increase of UAH 317,116.9 million. This trend is related to the relaxation of quarantine restrictions due to the COVID-19 pandemic, positive dynamics in retail trade, the revival of foreign economic activity, the growth of the average customs value of imported natural gas and the average sales price of gas, as well as the growth of average monthly wages.

The volume of revenues to the Consolidated Budget of Ukraine for 2021 had a significant impact on:

- receipt of tax from the income of individuals as a result of the increase in the average monthly salary. Thus, the tax share was 24.1%;

- revenue from value added tax, taking into account budget reimbursements, which is due to positive dynamics in retail trade, revitalization of foreign economic activity. So, in 2021, the share of the tax was 36.9% of the total tax revenue to the budget;

- the main factor of higher tax payments in 2021 compared to 2020 was the significant increase in the world price of iron ore, which had a significant impact on the increase in the amount of income tax declaration and payment by enterprises of the metallurgical complex;

- from January 1, 2021, specific rates and the minimum excise tax liability on tobacco products increased by 20%. In

particular, the minimum excise tax liability increased from UAH 1,213.61 to UAH 1,456.33 per 1,000 units. These changes adjusted the share of excise revenue to 12.4% for 2021.

- the low specific weight of the budget revenues from the customs duty (2.6%) indicates the insignificant fiscal significance of this payment. This is explained by the insufficiently rational structure of export and import and the lack of direct state intervention in the regulation of these processes.

The structure of revenues from direct taxation is often heterogeneous and undergoes changes. These fluctuations in the structure of tax administration are closely related to a number of problems: an imperfect system of tax collection, frequent tax evasion, the diminution of economic activity and the economy as a whole, a state of crisis that will befall Ukraine for several years.

What can you say about indirect taxation, which takes a significant share of budget revenues. Thus, indirect tax evasion is almost impossible, as a share of the tax is usually included in the price of goods produced and sold on the market.

According to the analysis, we can clearly see the difference in the payment of direct and indirect taxes. Yes, it is indirect taxation that takes a larger share of income and is more effective from a fiscal point of view. This is explained by consumption taxation, which is more stable and less flexible than sales tax. Indirect taxes do not affect the processes of accumulation, but they are regressive in the social aspect and significantly affect the general processes of pricing. In addition, with the help of specific excise taxes, it is possible to influence the structure of consumption.

The effectiveness of the tax system is determined by how purposefully it solves a set of tasks related to the direction of the economy as a system, the development of production, and raising the standard of living of the population.

When establishing the efficiency of any tax system, the elasticity coefficient is usually used.

The elasticity of the tax characterizes the relative change in the amount of its income under an unchanged tax system with respect to the percentage change in the tax base. The coefficient of elasticity (tax elasticity) shows by how many percentages the income of a group of taxes or a certain individual will increase or decrease when the determining economic factor (GDP, income of the population, etc.) changes by 1%.

Usually, a tax system is considered elastic if the coefficient has a value greater than one. This indicator will indicate the growth of tax receipts faster than the tax base, that is, taxation has a significant regulatory potential. Such a situation can be created thanks to the exit of enterprises and the economy as a whole from shadowing, a decrease in the frequency of tax evasion, and an increase in the efficiency of the work of state taxation authorities. If the coefficient is less than one, then the tax system will be considered inelastic [6].

Analysis of the elasticity of tax revenues is one of the effective methods of changing the tax system, which contributes to improving the functioning of taxes in the system, increasing the frequency of their payment at an appropriate level of tax burden or minimizing tax pressure at a given level of tax revenues. In today's crisis conditions, such studies are as relevant and relevant as possible, because they help to determine the direction of economic development in the areas of consumption and production, which will ultimately ensure a sufficient level of financing of expenditures without attracting additional state loans.

Analyzing the obtained results on the coefficient of elasticity of taxes and tax revenues in general, it is possible to pay attention to the lack of trend and chaotic indicators. Thus, over

the past 3 years, the coefficient of elasticity of tax revenues has varied from 0.75 to 1.04. The reduction of the coefficient to 0.94 in 2021 is a consequence of the crisis phenomena that the country experienced during this period.

Table 3.3

Dynamics of the coefficient of elasticity of tax revenues of the consolidated budget by GDP in 2019-2021

Indicators	Year			Growth rate, %
	2019	2020	2021	
Tax revenues	0,75	1,12	0,94	25,3
VAT	0,11	1,04	1,09	890,9
Income tax	0,91	0,19	1,19	30,8
Personal income tax	1,55	1,34	0,67	-56,8
Excise duty	0,72	2,08	0,63	-12,5
Duty	0,96	0,23	0,87	-9,4

Source: created by the author based on [5]

The VAT elasticity coefficient ranges from 0.11 to 1.09. The average value of this indicator for the studied period is 0.74, which indicates a decrease in the specific weight of VAT revenues and that the GDP of Ukraine grew faster than revenues from this tax.

In general, analyzing these indicators, it can be seen that tax authorities pay more attention to direct taxation than to indirect taxation. So, for example, the coefficients of elasticity of duty and excise in 2021 want to have better indicators than they have in the current time period.

One of the problems of taxation is the insufficient level of flexibility of the tax system and its high dependence on the incomes of individuals as a whole, and on the receipts of VAT and income tax.

Summarizing the above, we can conclude that our state is characterized by the process of abandoning the system of automatic tax regulation, which is connected with the constant intervention of legislative and executive authorities. Only if these shortcomings are overcome, indirect taxes can claim the role of automatic adjustment tools as "built-in stabilizers".

One of the main sources of the formation of the revenue part of the budget is tax revenue, the important role of which is occupied by direct taxes. Thus, in the structure of tax revenues of the consolidated budget of Ukraine, such taxes occupy a smaller share, in contrast to direct taxes, but they allow the main tax burden to be transferred to the solvent group of the population and have a direct dependence on the income level of the payer.

The use of direct taxation is one of the methods of managing the economy and ensuring the relationship of state-wide interests with the interests of the population, but at the same time, the low level of tax culture, the imperfect mechanism of fiscal legislation and the mechanism of tax collection lead to a decrease in revenues of the budget, which is already in deficit. Therefore, taking into account modern challenges, special attention should be paid to the problem of building a perfect and effective system of direct taxation [7, 120].

Direct taxation is usually imposed on income or property and distributed so that those with higher incomes pay more tax and vice versa. The majority of scientists consider this method of distribution to be fair. So, in most developed countries of the world, especially such as Japan, USA, Germany, Great Britain, direct taxation takes 40-90% of total tax revenues.

Depending on the ratio of the payer and the subject of taxation, direct taxes are divided into two groups: real and personal. So, real taxation involves collecting tax from property according to its external features, that is, the object of taxation is

the primary one, and the payer is the secondary one. With personal taxation, everything happens the other way around: the payer is primary and the amount of tax is set for him personally, and the object of taxation is secondary.

Direct taxation is one of the main tools of state influence, with the help of which you can easily manage the processes of the country's economy. So, for example, the income tax, which does not take up a large share of the budget, can be used as a lever for regulating economic processes; the principle of justice can easily be seen in the dependence of the payer's income and the amount of income tax collection to the budget; the tax burden is distributed according to the received income precisely thanks to direct taxation [8, p.230].

The main among direct taxes is the corporate income tax. Income taxation, on the one hand, ensures the dependence of the state budget on the processes that take place in material production, and on the other hand, it provides ample opportunities for the implementation of measures for state regulation of the economy.

Corporate income tax is one of the budget-forming taxes. Yes, its share in the revenues of the Consolidated Budget of Ukraine and GDP fluctuates, but the difference in fluctuations is small and the overall trend is positive.

The conducted studies show that the budget revenues from state-owned enterprises increased by UAH 11.5 billion and amounted to UAH 64,611.2 million; as for enterprises with foreign ownership, their revenues also increased more than twice; receipts from banks and insurance companies increased quite significantly, but the amount remains relatively insignificant; by private enterprises - by UAH 33.1 billion, or by 204.8%.

The next tax from the direct category is personal income tax. It is the budget-creator in the revenue part of local taxes,

which forms the basis of the formation of city, village and village budgets. The order of its payment, rates and benefits are established by the legislative acts of Ukraine, as this tax is nationwide. The main factors affecting the frequency and volume of payments are: an increase in wages, both minimum and real; exit from shadowing and payment of wages in envelopes; creation of new jobs.

According to the obtained results, it is noticeable that the personal income tax occupies 1/5 of the revenue of the consolidated budget of Ukraine. The obtained indicators for 2021 show an increase of 27%, which is UAH 383,482.3 million. more than the indicator obtained in 2019.

In general, it is possible to distinguish 5 main factors that have a positive effect on tax revenue [9, p.115]:

- 1) nominal GDP growth;
- 2) increase in labor costs;
- 3) legalization of salary payment;
- 4) positive trends in the growth of incomes of low-wage population groups due to the state increase of minimum social guarantees;
- 5) growth of mixed household incomes due to individual entrepreneurial activity.

Increases in such indicators as the minimum wage and the living wage have a direct impact on the standard of living of the population and, accordingly, on the receipt of personal income tax. Thus, according to the results of 2021, tax and personal income tax revenues increased, which is due to a drop in the average number of full-time employees (which in January-December 2021, according to the State Statistics Service, amounted to 7,060.6 thousand people and decreased compared to the corresponding period of the previous year by 3.9%, or by 289.5 thousand people), while the average monthly salary

increased by 42.3% compared to the previous year in 2019 and amounted to 17,453 hryvnias.

The personal income tax and military levy rates for 2021 did not change and amounted to 18% and 1.5%, respectively. Despite the significant growth of the average monthly wage and, accordingly, the tax and personal income tax, the share of this tax in GDP decreased from 7.0% of GDP in 2020 to 6.4% of GDP in 2021. The share of the military levy also experienced a slight decrease of 0.1% and amounted to 0.5% of GDP in 2021.

Strata of the population with low wealth in the structure of their own expenses pay a much larger amount of funds than wealthy ones. This is due to the fact that for most citizens the only source of income is salary. Rates paid from salaries during 2019-2021 remained unchanged. Therefore, regardless of the amount of wages received, each individual pays 18% personal income tax and 1.5% military tax.

The personal income tax also has a noticeable social orientation, since with the help of progressive rates and tax breaks, the tax burden can be reduced for low-income groups of the population and increased for people with high incomes [10].

One of the important taxes in the structure of local taxes and fees is a single tax. It is a representative of the simplified taxation system, which involves simplified accounting of both expenses and income, and also replaces the payment and calculation of a certain number of mandatory taxes and fees paid in Ukraine.

For the period from 2019 to 2021, receipts of the single tax to the consolidated budget of Ukraine increased by 31.2%, amounting to UAH 11,012.2 million. This trend is explained by the increase in the number of single tax payers. In addition, the increase in the income of the single tax in 2021 compared to 2019 was influenced by the growth of the minimum wage and the

consumer price index. This growth occurred mainly due to an increase in the number of tax payers: individuals and small business entities.

In the structure of revenues of the consolidated budget of Ukraine, the single tax during the studied period has almost the same share - 2.7%. There are minor fluctuations in local budget revenues. Thus, the share of the single tax in local budget revenues for 2021 is higher than the share of 2019 by 1.68%.

In general, the system of direct taxation ensures the fulfillment of one of the most important principles - the principle of justice. At the same time, an equally important task of the system remains the provision of optimal conditions for economic activity by economic entities in order to strengthen the position of the national economy on the world market. Especially in times of crisis, pandemic or against the background of other political and economic tensions, when the need for financial resources increases. Ensuring the income part of the budget, limiting inflationary processes, increasing the price level and stimulating the development of innovations in the state serve as priority tasks at the moment.

Therefore, direct taxes are one of the most stable and reliable types of budget revenues, increasing their specific weight will be able to stabilize the revenue part of the budget, and they are also an important tool for regulating business activities in the country. Direct taxation in Ukraine is based on two main types of tax: corporate income tax and personal income tax.

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APPENDICES TO THE BOOK

Table 2.3.1

Changes of the overall absorption factor

Company	Absorption factor												
<i>Years</i>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel - Trade	2,05	3,58	2,98	1,43	1,07	2,05	2,50	1,56	1,46	1,44	1,93	3,81	2,53
Agroton	1,8	1,81	1,17	1,32	4,91	10,02	5,99	6,63	2,85	17,50	48,30	39,80	7,25
Reiz Agro	0,89	1,18	1,09	0,7	0,63	0,97	1,16	0,43	1,00	1,03	1,31	1,27	1,34
MHP	2,47	1,45	1,34	1,46	1,56	2,30	2,01	3,38	1,71	1,97	2,16	5,26	3,25
Astarta - Kiev	1,80	1,51	0,95	2,21	2,52	2,39	2,83	1,94	1,47	1,10	2,00	2,11	1,22
Industrial dairy company	2,10	1,28	1,0	1,13	3,40	5,10	1,70	1,20	1,20	1,20	2,40	2,04	2,06
Avangard	0,47	0,51	0,77	1,12	2,57	4,44	4,78	5,86	1,34	2,14	3,13	0,46	0,34
Ukrproduct	1,58	1,63	1,84	2,65	2,43	1,79	1,94	1,49	1,43	0,72	0,48	1,14	0,99

Note. * calculated by the author based on data from financial statements of enterprises

Table 2.3.2

Changes of Quick ration

Company	Quick ration												
<i>Years</i>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Kernel - Trade</i>	1,16	1,43	2,24	0,56	1,53	1,58	1,58	1,17	0,96	1,09	1,39	1,32	0,77
<i>Agroton</i>	0,62	1,12	0,3	0,53	0,76	5,75	2,28	4,35	1,95	11,05	27,58	25,64	5,04
<i>Reiz-Agro</i>	0,27	0,69	0,81	0,52	0,43	0,71	0,84	0,33	0,84	1,33	1,17	1,21	1,20
<i>MHP</i>	1,22	0,57	0,69	0,53	0,25	1,10	0,81	2,63	1,24	1,23	1,66	3,78	2,39
<i>Astarta-Kiev</i>	0,07	0,02	0,06	0,04	0,03	0,95	1,11	0,54	0,50	0,40	0,49	0,57	0,38
<i>Industrial dairy company</i>	0,95	0,26	0,28	1,13	0,62	0,50	0,18	0,31	0,23	0,34	0,88	0,66	0,33
<i>Avangard</i>	0,29	0,33	0,56	0,69	2,53	2,87	3,12	4,08	0,97	1,50	1,80	0,30	0,29
<i>Ukrproduct</i>	0,09	0,13	0,15	0,42	0,42	0,13	0,10	1,16	1,02	0,41	0,29	0,68	0,50

Note. * calculated by the author based on data from financial statements of enterprises

Table 2.3.3

Overall Changes of cash ratio

Company	Cash ratio												
<i>Years</i>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Kernel-Trade</i>	0,04	0,07	0,32	0,06	0,17	0,29	0,18	0,11	0,11	0,28	0,16	0,49	0,28
<i>Agroton</i>	0,01	0,01	0,04	0,56	0,70	1,43	0,81	0,45	0,23	2,8	8,33	9,12	2,26
<i>Reiz-Agro</i>	0,004	0,005	0,006	0,006	0,01	0,04	0,07	0,01	0,001	0,01	0,003	0,005	0,002
<i>MHP</i>	0,19	0,13	0,21	0,08	0,66	0,07	0,19	0,53	0,23	0,16	0,41	0,82	0,66
<i>Astarta- Kiev</i>	0,07	0,02	0,01	0,04	0,02	0,04	0,06	0,01	0,08	0,08	0,08	0,113	0,05
<i>Industrial dairy company</i>	0,01	0,004	0,001	0,002	0,24	0,28	0,22	0,10	0,04	0,10	0,12	0,13	0,07
<i>Avangard</i>	0,01	0,01	0,01	0,004	0,01	0,16	0,14	1,45	0,38	0,35	0,27	0,05	0,05
<i>Ukrproduct</i>	0,03	0,09	0,11	0,10	0,19	0,07	0,11	0,11	0,04	0,02	0,02	0,05	0,02

Note. * calculated by the author based on data from financial statements of enterprises

Table 2.3.4

Overall changes of net working capital

Company	Net working capital, points												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	93817,5	1365109	1729262	368652	246539	324475,7	5480116,78	3117309,97	4338982,60	4811036,30	9439647,2	23206999,4	20197931,70
Agroton	22336,7	32127,4	17606	20539	75841	888277	490921,59	732838,21	647616,40	214387,40	1802076,9	2087638,34	1904955,04
Reiz-Agro	10809,9	29806,4	174588	744741	-905783	2654	339754,00	4564669,00	10555,00	422612,00	1987318,0		
MHP	70907,3	419630,3	659867	077039	1343491	483388	504491,00	6240,38	4786,62	8724,73	1975089,90	8226081,90	19862340,40
Astarta-Kiev	36799	29448	-4891	58941	114534	478142,4	2018804,80	6118963,60	23194396,40	3763753,40	13963370,2	31758832,1	53372327,00
Industrial dairy company	8208,7	3481,0	-81,0	3551	19807	51309	48446,00	244433,90	265637,80	330585,60	380753,90	317811,20	1725424,10
Avangard	-142570	-190084	-156367	45432	42450,8	506589	548721,00	4210488	1671960	480616,00	700192,00	5382054,00	8219770,00
Ukrproduct	3724	4130	4627	5309	6821	5595	5984,00	35456,95	34359,78	-31320,91	142833,80	20432,92	-858,34

Note. * calculated by the author based on data from financial statements of enterprises

Table 2.3.5

Dynamics of change of solvency ratio (autonomy)

Company	Solvency ratio (autonomy)												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	-0,05	-0,01	0,003	0,02	0,02	0,62	0,56	0,57	0,54	0,61	0,66	0,57	0,53
Agroton	0,53	0,55	0,29	0,44	0,84	0,66	0,67	0,65	0,45	0,66	0,87	0,87	0,89
Reiz-Agro	0,2	0,32	0,08	0,08	0,08	0,06	0,03	0,20	0,04	0,03	0,05	0,04	0,06
MHP	0,43	0,42	0,35	0,38	0,55	0,48	0,48	0,45	0,41	0,32	0,33	0,43	0,41
Astarta-Kiev	0,52	0,57	0,34	0,51	0,59	0,54	0,53	0,55	0,43	0,49	0,61	0,65	0,50
Industrial dairy company	0,19	0,55	0,44	0,51	0,8	0,77	0,52	0,42	0,14	0,32	0,41	0,57	0,61
Avangard	0,11	0,13	0,12	0,43	0,49	0,71	0,73	0,76	0,60	0,35	0,24	0,15	0,07
Ukrproduct	0,59	0,68	0,71	0,80	0,75	0,62	0,57	0,55	0,43	0,27	0,16	0,14	0,07

*Note. * calculated by the author based on data from financial statements of enterprises*

Table 2.3.6

Dynamics of change in the funding ratio

Company	Funding ratio												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	-19,47	-130,6	116,47	110,71	97,51	1,69	1,30	1,32	1,16	1,55	1,94	1,35	1,13
Agroton	0,89	0,82	2,48	1,24	0,18	1,99	2,09	1,85	0,83	1,93	6,59	6,78	7,98
Reiz-Agro	13,93	12,14	12,05	11,99	11,22	7,16	4,13	0,24	0,04	0,03	0,06	0,06	0,06
MHP	0,29	0,46	1,88	1,63	1,51	0,93	0,91	0,82	0,70	0,48	0,50	0,76	0,7
Astarta-Kiev	0,93	0,74	1,93	0,95	0,67	1,18	1,12	1,21	0,77	0,96	1,60	1,87	1,02
Industrial dairy company	0,21	0,83	1,15	0,88	0,29	0,77	0,52	0,73	0,16	0,46	0,70	1,36	1,55
Avangard	5,71	6,44	7,61	1,34	2,39	2,52	2,79	3,72	1,58	0,57	0,33	0,18	0,07
Ukrproduct	0,27	0,36	0,41	0,25	0,33	3,07	1,64	1,34	1,22	0,75	0,37	0,07	0,16

Note. calculated by the author based on data from financial statements of enterprises*

Table 2.3.7

Dynamics of change in the ratio of the provision of own working capital

Companies	The ratio of the provision of own working capital												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	0,51	0,72	1,97	0,34	0,37	0,26	0,16	0,06	-0,02	0,13	0,29	0,24	0,14
Agroton	0,44	0,45	0,15	0,32	3,91	0,51	0,16	0,39	0,15	0,55	0,84	0,84	0,86
Reiz-Agro	-0,12	0,15	0,09	0,30	-0,37	-0,57	-0,70	-1,58	-0,69	-0,35	0,04	0,03	0,04
MHP	0,60	0,31	0,34	0,46	0,65	-0,3	-0,29	-0,37	-0,84	-0,90	-0,68	-0,61	-0,52
Astarta-Kiev	0,80	0,51	-0,05	1,21	1,52	0,18	0,20	0,12	-0,20	-0,05	0,25	0,30	-0,05
Industrial dairy company	0,80	0,28	-0,004	0,13	2,40	0,50	-0,01	-0,12	-0,54	-0,42	-0,07	0,17	0,36
Avangard	-0,18	-0,49	-0,23	0,12	0,26	0,42	0,30	0,31	-0,01	-1,08	-1,75	-1,68	-2,17
Ukrproduct	0,73	0,82	0,84	1,62	1,43	0,07	-0,03	-0,10	-0,39	-1,45	-1,27	-1,00	-0,80

Note. * calculated by the author based on data from financial statements of enterprises

Table 2.3.8

Dynamics of change in the coefficient of maneuverability of equity capital

Companies	Coefficient of maneuverability of equity capital												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	-7,04	-76,11	75,23	40,12	54,77	0,40	0,54	0,28	0,27	0,22	0,35	0,71	0,62
Agroton	0,52	0,67	0,40	0,37	0,62	0,92	0,47	0,76	0,92	1,10	0,93	0,93	0,78
Reiz-Agro	-0,36	0,35	0,67	-2,84	-3,20			-2,09	0,01	0,63	2,83		
MHP	0,43	0,21	0,26	0,32	0,27	0,54	0,44	0,62	0,32	0,54	0,64	0,66	0,65
Astarta-Kiev	0,60	0,30	-0,08	0,50	0,55	0,60	0,72	0,45	0,35	0,09	0,50	0,40	0,17
Industrial dairy company	0,92	0,16	-0,003	0,08	0,28	0,46	0,37	0,19	0,65	0,26	0,78	0,45	0,51
Avangard	-1,84	-2,07	-1,32	0,13	0,16	0,53	0,34	0,33	0,13	0,40	0,69	-2,65	-8,65
Ukrproduct	0,16	0,21	0,29	0,36	0,36	0,29	0,27	0,25	0,29	-0,42	-2,49	0,39	-0,03

*Note. * calculated by the author based on data from financial statements of enterprises*

Table 2.3.9

Dynamics of assets turnover ratio

Companies	Assets turnover ratio												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	1,38	1,04	0,75	0,61	0,91	0,23	0,17	0,13	0,1	0,23	0,23	0,18	0,11
Agroton	0,78	0,98	0,83	1,15	1,44	0,05	0,12	0,05	0,19	0,36	0,43	0,12	0,14
Reiz-Agro	-0,01	-0,01	0,03	0,65	0,94	0,72	0,57	0,21	-0,08	-0,01	0,20	0,31	0,28
MHP	0,62	0,74	0,50	0,51	0,71	0,23	0,21	0,37	0,37	0,21	0,12	0,19	0,18
Astarta-Kiev	0,14	0,10	-0,43	0,13	0,23	0,02	0,01	0,01	0,01	0,01	0,01	0,01	0,003
Industrial dairy company	1,14	0,77	0,07	0,11	0,19	0,23	0,17	0,16	0,21	0,36	0,35	0,23	0,27
Avangard	0,02	0,03	0,10	0,11	0,01	0,21	0,19	0,18	0,09	-0,002	0,003	0,02	-0,002
Ukrproduct	0,47	0,50	0,52	0,34	0,36	0,01	0,05	0,04	0,07	0,01	-0,001	0,03	0,01

*Note. * calculated by the author based on data from financial statements of enterprises*

Table 2.3.10

Dynamics of change in the ratio of accounts payable

Companies	Ratio of accounts payable												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	-	-	6,14	8,91	9,20	4,42	4,23	4,55	7,99	9,54	3,50	3,02	2,70
Agroton	2,45	3,23	1,60	2,71	3,34	3,52	4,16	3,82	3,01	3,39	2,98	2,84	2,11
Reiz-Agro	-0,08	-0,15	1,26	1,71	2,86	2,63	2,28	1,95	1,23	1,32	0,59	0,43	0,48
MHP	1,51	11,47	0,94	6,51	8,44	3,95	2,58	2,67	13,35	12,63	4,03	5,13	5,83
Astarta-Kiev	10,1	9,05	7,18	6,13	7,01	0,30	0,30	0,29	0,45	1,51	0,58	0,28	0,35
Industrial dairy company	3,54	3,05	3,91	2,90	3,47	8,43	2,64	1,37	5,3	6,51	13,82	12,54	10,67
Avangard	2,87	3,15	3,41	3,86	4,38	4,99	4,74	4,21	3,71	3,52	3,19	2,84	2,53
Ukrproduct	4,30	3,87	4,21	4,85	5,06	0,30	0,16	0,52	1,82	1,91	0,66	0,47	0,08

*Note. * calculated by the author based on data from financial statements of enterprises*

Table 2.3.11

Dynamics of account receivable

Companies	Account receivable rate												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	-	2,94	2,16	3,04	2,79	3,50	2,50	1,94	1,78	5,09	5,27	3,93	2,48
Agroton	2,73	2,71	2,79	2,16	2,96	0,34	1,02	0,30	1,45	10,76	8,39	2,33	2,49
Reiz-Agro	-0,02	-0,04	0,14	2,02	2,42	2,21	2,14	1,89	1,60	0,75	0,28	0,24	
MHP	0,87	2,81	2,28	3,81	4,60	6,73	6,76	5,45	8,50	9,32	5,77	7,27	6,80
Astarta-Kiev	2,94	3,3	2,85	-	-	0,51	0,24	0,18	0,41	0,37	0,38	0,28	0,1
Industrial dairy company	1,27	1,59	1,58	2,38	2,71	9,82	16,34	20,76	32,87	60,41	95,01	131,15	130,37
Avangard	2,40	-	1,63	2,11	3,60	4,63	5,23	4,20	1,54	-0,02	0,03	0,27	-0,02
Ukrproduct	3,36	3,51	3,80	4,14	4,69	0,18	0,21	0,19	0,34	0,03	-0,01	0,17	0,03

Note. * calculated by the author based on data from financial statements of enterprises

Table 2.3.12

**Dynamics of change in the ratio of turnover of fixed assets
(return on assets)**

Companies	Fixed assets turnover ratio (return on assets)												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	72,89	77,79	53,63	33,79	26,81	0,70	0,52	0,38	0,32	0,67	0,65	0,58	0,38
Agroton	2,02	2,45	2,91	1,71	2,13	0,23	0,70	0,17	1,22	3,67	5,54	1,43	1,13
Reiz-Agro	0,89	1,61	2,01	4,97	2,23				0,99	1,15	0,01		
MHP	0,27	0,16	0,17	0,87	0,91	0,46	0,40	0,28	0,37	0,34	0,21	0,32	0,31
Astarta-Kiev	20,57	35,19	21,63	16,71	19,8	0,06	0,04	0,02	0,03	0,03	0,02	0,02	0,01
Industrial dairy company	3,75	1,24	9,05	7,01	7,32	0,44	0,42	0,45	0,60	0,93	0,82	0,53	0,66
Avangard	1,03	1,12	1,64	2,34	2,51	0,54	0,39	0,30	0,15	-0,003	0,004	0,03	-0,003
Ukrproduct	0,46	0,34	0,39	0,32	0,40	0,08	0,08	0,07	0,13	0,01	-0,002	0,06	0,01

*Note. * calculated by the author based on data from financial statements of enterprises*

Table 2.3.13

Dynamics of change in the equity ratio

Companies	Equity turnover ratio												
Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kernel-Trade	-34,8	-24,36	170,82	151,41	120,81	0,39	0,30	0,23	0,19	0,41	0,37	0,30	0,19
Agroton	2,11	1,82	2,16	2,40	2,52	0,10	0,18	0,10	0,33	0,67	0,56	0,14	0,16
Reiz-Agro	2,86	2,65	2,23	12,25	11,84				5,56	11,34	5,03		
MHP	0,3	0,23	0,27	1,43	1,40	0,13	0,44	0,32	0,51	0,57	0,39	0,50	0,44
Astarta-Kiev	5,59	5,71	3,1	4,18	5,01	0,04	0,02	0,02	0,03	0,02	0,02	0,01	0,01
Industrial dairy company	7,9	-0,31	-0,52	0,43	2,17	0,30	0,27	0,36	0,64	1,61	0,97	0,46	0,45
Avangard	0,86	1,17	1,36	1,82	2,25	0,30	0,27	0,24	0,13	-0,003	0,01	0,12	-0,02
Ukrproduct	0,42	0,53	0,66	0,48	0,46	0,06	0,08	0,07	0,14	0,01	-0,01	0,27	0,01

*Note. * calculated by the author based on data from financial statements of enterprises*

Table 2.4.1

Loans granted by deposit corporations (except the National Bank of Ukraine) to non-financial corporations, according to organizational and legal forms of management and currencies at the end of December 2020 (balance of funds at the end of the period, uah million.) [15]

Organizational and legal forms of management	Sum	Among other things					
		In national currency	in foreign currency				
			Sum	including by currency			
				Dollar USA	Euro	russian ruble	other currencies
Sum	859740	464023	395 717	325552	69606	486	73
Enterprises	88800	40852	47 948	43721	3963	264	1
Citizen's associations of enterprises	62	50	12	12	–	–	–
Consumer cooperation	8	8	–	–	–	–	–
individual enterprises	3	3	–	–	–	–	–
family businesses	48	48	–	–	–	–	–
private enterprise	30026	20589	9437	6858	2313	264	1
collective undertaking	63	52	11	5	6	–	–
State enterprises, including state-owned enterprises	40260	5931	34 329	33751	578	–	–
state public utility enterprise	1245	896	348	83	265	–	–
joint venture	604	563	40	40	–	–	–
foreign enterprises	848	447	401	34	367	–	–
leased enterprises	13	13	–	–	–	–	–
farm households	6976	6556	420	88	332	–	–
subsidiaries	8645	5695	2950	2848	102	–	–

Table 3.1.1

**Receipt of environmental tax to the Consolidated Budget of Ukraine
in 2011–2021, million UAH**

Indicator	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Receipts for emissions into atmospheric air	849.97	1276.34	1869.68	2003.37	2485.37	2991.32	2411.96	2402.97	2465.88	1918.98	2072.79
Proceeds from emissions of carbon dioxide into the atmosphere	-	-	-	-	-	-	-	-	837.18	1037.18	1047.22
Receipts for the generation and/or temporary storage of radioactive waste	46.84	72.13	101.82	122.71	111.83	142.31	144.85	159.06	155.73	1015.11	1035.54
Proceeds from the placement of waste in specially designated places or facilities	418.95	598.37	729.67	859.10	684.83	785.91	863.47	1064.72	1017.00	1048.52	1129.49

Table 3.1.2

The share and dynamics of environmental tax revenues for 2011-2021

Indicator	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GDP, billion hryvnias	1316.60	1408.89	1454.93	1566.73	1979.46	2383.18	2982.92	3558.71	3974.56	4194.10	5459.57
Revenues of the Consolidated Budget of Ukraine, billion hryvnias\	398.6	445.5	442.8	456.1	652.0	782.5	1016.8	1184.3	1289.8	1376.7	1662.2
Tax revenues, billion hryvnias.	334.7	360.6	354.0	367.5	409.4	503.9	627.2	753.8	799.8	851.1	1076.0
Ecological tax, billion hryvnias	2.3	2.8	3.9	4.8	2.7	2.99	2.41	2.4	2.47	1.92	2.07
Share of environmental tax in GDP, %	0.18	0.20	0.27	0.30	0.14	0.21	0.13	0.07	0.06	0.05	0.04
Share of environmental tax in revenues of the Consolidated budget, %	0.58	0.63	0.88	1.05	0.40	0.64	0.24	0.20	0.19	0.14	0.13
The share of environmental tax in the structure of tax revenues, %	0.69	0.78	1.10	1.31	0.53	0.77	0.38	0.32	0.31	0.23	0.19

Source: compiled by the author based on data [23-24].

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Monograph

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