The purpose of the article is to substantiate the theoretical and methodological foundations for the development of business entities and to develop practical recommendations based on the world experience of functioning in the context of transformation of interbudgetary and financial relations. To achieve this goal, the author sets the following tasks: to determine the peculiarities of business entities’ activities at the present stage; to summarize the characteristics of business entities’ development in the context of transformation of interbudgetary relations; to characterize financial and budgetary relations at the level of a specific business entity, taking into account budgeting as a system; to propose directions for modernization of financial and budgetary relations with a view to harmonizing the interests of business entities and adapting to the tools of program-targeted management. The priority and effective tools for the development of business entities under martial law are as follows: the introduction of a system of state support that allows to start and, in some cases, accelerate the restoration and modernization of the material base. The author proposes directions for improving the budgeting process on the example of a particular enterprise.

Keywords: business entities, financial and budgetary capacity, budgeting, state support
in the field of research for a long time, and the results of the research have been published in domestic and foreign publications. However, this problem is often divided into separate issues that attract the attention of scientists without taking into account their systemic nature and focus on achieving a common goal – the effective functioning of business structures. Thus, among the scholars who have studied the impact of financial decentralization on the development of business entities, it should be noted: V. Andrushchenko, V. Bazylevych, T. Efymenko, Y. Kohut, G. Kovach-Rump [1], M. Chumachenko. The issue of modernization of interbudgetary relations through the study of resource support for the activities of enterprises is the subject of scientific works of the following scientists: V. Kravchenko, Y. Zhalilo, T. Melnyk [2], N. Tkachenko.

The problems of forming a system of financial and budgetary relations and ensuring the effective distribution of transfers to support the development of activities are constantly in the field of view of I. Degtyareva [3], M. Krupka, K. Pavliuk, N. Shvets, Y. Pasichnyk. The study of the budgeting process in business structures was carried out by Onishchenko S.V. [4], Fisunenko P.A., Fedorchenko O.E. [5], Danilenko O.V. [6], Dolgopolova O.V. [7], and others. However, despite the large number of scientific studies and published works, this issue requires further development in terms of harmonizing the interests of business entities and improving the mechanism for ensuring the process of their development in the context of interbudgetary transformations.

Unsolved aspects of the problem

The results of our previous study, which is the basis for determining the financial and budgetary capacity of domestic business entities, are published in [8-10]. In the publication, we focused on the issues of building an organizational and economic mechanism for managing projects that have a high potential for recovery on the basis of competitiveness for business entities. The introduction and implementation of highly efficient projects helps to solve problems with filling the state budget due to the growth of contributions from business entities. We consider information security to be an essential component of the organizational and economic mechanism of project management at all stages of their implementation, as it currently affects the efficiency and effectiveness of all enterprises without exception, and, accordingly, the development of the national economy. The conceptual model of national economic recovery published by us is of practical importance at the macro level and at the stage of strategic planning of business entities, but, unfortunately, does not cover all aspects of management, such as financial management, business structures through the introduction of information security policy in all its spheres). The issues of determining financial and budgetary capacity at the macro level and their connection with the budgeting process remain unresolved, which we are trying to address in our study and present for publication.

The aim of the article is to substantiate the theoretical and methodological foundations for the development of business entities and to develop practical recommendations based on the world experience of functioning in the context of transformation of interbudgetary and financial relations. To achieve this goal, the author sets the following tasks: to determine the peculiarities of business entities' activities at the present stage; to summarize the characteristics of business entities' development in the context of transformation of interbudgetary relations; to characterize financial and budgetary relations at the level of a particular business entity, taking into account budgeting as a system; to propose directions for modernization of financial and budgetary relations with a view to harmonizing the interests of business entities and adapting to the tools of program-targeted management in view of interbudgetary transformations.

The main part

The period of transformational changes in the national economy and, in particular, in the financial system of Ukraine, requires research and appropriate analysis of the financial condition of business entities, their potential for recovery and functioning at the previous level. This requires the development of mechanisms to adapt to trends in intergovernmental transfers. Currently, the consequences of martial law are taking shape against the backdrop of quarantine restrictions imposed during the COVID-19 pandemic, which have provoked irreversible changes in most of Ukraine (destruction of fixed assets, destruction of premises, etc.). A significant number of enterprises in various industries remained in the occupied territories or were physically destroyed without the possibility of resuming operations in the future. The liquidation of critical infrastructure facilities, the blocking of logistics centers, including ports, and the disruption of logistics chains have led to a shortage of resources and limited access to services. According to analytical data, domestic enterprises lost more in the first months of the war than in the two years of the pandemic. Thus, the most difficult situation arose for such enterprises as:

- agricultural enterprises (their activities are not very mobile, are linked to a specific regional market, cannot be transferred to a remote format and are based on the use of agricultural land resources);
- energy enterprises (are in the process of reforming and building integration relations with the European ENTSO-E);
- industrial enterprises (enterprises of heavy and medium machine building, mining industry are located mainly in the territories of active hostilities or in the occupied territories and are constantly subject to destructive impact);
- insurance companies (their activities are related to the operation of logistics and transportation companies, which are forced to periodically suspend operations or create new logistics routes,
which is often inefficient and requires additional time and resources);  
— IT enterprises (proved to be the most resilient due to the ability to work remotely in safe regions, but this format requires additional funding for employees to provide them with the necessary hardware and software).

We believe that it is the innovative industrial enterprises whose high-tech products require not only special material resources but also highly skilled workers that have suffered the most. Suspension of production processes, destruction of workshops, lack of orders for finished products and forced relocation of employees to other regions and even countries have further deepened the crisis. For operating companies, the challenge is to address current issues that were not previously identified as problems. Now, the restoration and further development of production and sales processes requires reforming or even reorganizing all internal processes, especially management. Thus, the internal financial and organizational structure of the company, the company's management mechanisms, one of which is the process of budgeting and control over budget execution, are subject to changes.

Most scholars associate the term "budgeting" with the process of enterprise management and financial and organizational planning, which is a set of interrelated indicators that characterize their activities [4-7, 11]. Thus, P.A. Fisunenko and A.A. Soroka define budgeting as "a comprehensive balanced system of interrelated quantitative and qualitative indicators of the economic condition of an enterprise, analysis and control of their implementation at all stages of performance budgeting, which covers in detail all aspects of its activities, comprehensively characterizes the expected costs and sources of their coverage, as well as financial results and prospects for the development of the enterprise and its structural units in the future and is reflected in the form of a financial plan of the required form" [11]. Such an approach to the formulation of this economic category allows to reveal the internal content of the budget, characterizes it as a flexible tool for enterprise management that ensures the smooth operation of the business entity. Budgeting is defined by O. Fedorchenko as a mechanism which stimulates improvement of efficiency of management of financial resources of an enterprise. He warns against inefficient allocation of finances at the level of strategic planning and at the level of control over their use [5]. O.V. Danilenko believes that the budgeting process can even transform approaches to the management of financial flows and stimulate cost reduction [6]. O.V. Dolgopolova defines the budgeting process as an information system for managing financial and economic activities at an enterprise [7]. Thus, "budgeting" should be understood as the effective management and formation of expenses and income of an enterprise for a specific period to form an effective strategy of economic activity.

Let us consider the indicators of the financial and budgetary capacity of the Private Joint Stock Company "FED" in the pre-war years, given that it is impossible to obtain complete information reflecting the state of its indicators for 2022-2023. However, it is known that its material and technical base was significantly damaged by the bombing. So, let's analyze the financial performance of this enterprise, starting with its main economic indicators (Table 1).

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Years</th>
<th>Deviation of 2021 to 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Net income, thousand UAH</td>
<td>435125</td>
<td>483153</td>
</tr>
<tr>
<td>Gross profit, thousand UAH</td>
<td>197256</td>
<td>233594</td>
</tr>
<tr>
<td>Net profit, thousand UAH</td>
<td>48722</td>
<td>39734</td>
</tr>
<tr>
<td>Average annual value of assets, thousand UAH</td>
<td>489962</td>
<td>538557</td>
</tr>
<tr>
<td>Average annual cost of fixed assets, thousand UAH</td>
<td>46245</td>
<td>40218</td>
</tr>
<tr>
<td>Average annual value of non-current assets, thousand UAH</td>
<td>127456</td>
<td>127561</td>
</tr>
<tr>
<td>Average annual value of current assets, thousand UAH</td>
<td>362506</td>
<td>410996</td>
</tr>
<tr>
<td>Average number of employees, persons</td>
<td>240</td>
<td>285</td>
</tr>
<tr>
<td>Return on equity</td>
<td>9.4</td>
<td>12.0</td>
</tr>
<tr>
<td>Capital intensity</td>
<td>0.11</td>
<td>0.08</td>
</tr>
<tr>
<td>Capitalization, thousand UAH/person</td>
<td>192.7</td>
<td>141.1</td>
</tr>
<tr>
<td>Labor productivity, thousand UAH/person</td>
<td>1813.0</td>
<td>1695.3</td>
</tr>
<tr>
<td>Current assets turnover ratio</td>
<td>1.2</td>
<td>1.2</td>
</tr>
</tbody>
</table>

*Source: the authors' own elaboration*

Thus, the company's net income has been increasing over the past three years: in 2020 – by UAH 48028 thousand, in 2021 – by UAH 49458 thousand. This trend is mainly due to an increase in product prices, as gross profit increased by UAH 36338 thousand in 2020 and by UAH 59470 thousand in 2021. The dynamics of changes in net profit does not have a single clear trend; in 2020, this indicator decreased by 18%, and in 2021, on the contrary, increased by 19%, which is evidence of a positive economic effect in the company's activities. The average annual value of assets has been showing a positive trend over the past three years. In 2020, their value increased by 9% compared to 2019, and in 2021
there was an increase of 3.6% compared to the previous period. The average annual value of fixed assets also changed, and in 2020 there was a negative trend towards a decrease in their value by UAH 6027 thousand, and in 2021, on the contrary, there was a slight increase by UAH 74 thousand. The average annual value of non-current assets in 2019 and 2020 remained approximately at the same level and was in the range of UAH 127456-127561 thousand. In 2021, there was a barely noticeable increase in this indicator by 5%.

The indicators of capital productivity and capital intensity indicate an increase in the efficiency of fixed assets use. Instead, the capital equipment indicator, which reflects the level of provision of employees with fixed assets, shows a negative trend – in 2020 it decreased by UAH 51.6 thousand / person, in 2021 – by UAH 1.7 thousand / person. Labor productivity fluctuates – in 2020 it decreased by 6.5%, and in 2021 it increased by 8%, which indicates the dependence of staff productivity on the impact of internal environmental factors and the availability of orders for the performance of work with high added value rather than the level of efficiency of the company's personnel management. In 2019 and 2020, the current assets turnover ratio was at the same level, while in 2021 this indicator increased by 7.7%, which is mainly due to a reduction in order fulfillment time.

Let's evaluate the property of the enterprise PJSC "FED" and the sources of its formation by the balance sheet method (Table 2).

Table 2. Characteristics of the property of the Private Joint Stock Company “FED” in 2019-2021

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>thousand UAH</td>
<td>specific gravity, %</td>
<td>thousand UAH</td>
<td>specific gravity, %</td>
</tr>
<tr>
<td>1. Noncurrent assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>including property, plant and equipment</td>
<td>128081</td>
<td>25.6</td>
<td>127041</td>
<td>22.0</td>
</tr>
<tr>
<td>2. Current assets</td>
<td>43971</td>
<td>8.8</td>
<td>36465</td>
<td>6.3</td>
</tr>
<tr>
<td>including inventories</td>
<td>372357</td>
<td>74.4</td>
<td>449635</td>
<td>78.0</td>
</tr>
<tr>
<td>accounts receivable</td>
<td>283325</td>
<td>56.6</td>
<td>322466</td>
<td>55.9</td>
</tr>
<tr>
<td>cash</td>
<td>86081</td>
<td>17.2</td>
<td>92613</td>
<td>16.1</td>
</tr>
<tr>
<td></td>
<td>8039</td>
<td>1.6</td>
<td>28935</td>
<td>5.0</td>
</tr>
<tr>
<td>1. Equity capital</td>
<td>383704</td>
<td>76.7</td>
<td>384413</td>
<td>66.6</td>
</tr>
<tr>
<td>including registered capital</td>
<td>70162</td>
<td>14.0</td>
<td>70162</td>
<td>12.2</td>
</tr>
<tr>
<td>retained earnings</td>
<td>228402</td>
<td>45.6</td>
<td>255918</td>
<td>44.4</td>
</tr>
<tr>
<td>2. Long-term liabilities and provisions</td>
<td>25613</td>
<td>5.1</td>
<td>23548</td>
<td>4.1</td>
</tr>
<tr>
<td>3. Current liabilities and provisions</td>
<td>91121</td>
<td>18.2</td>
<td>168715</td>
<td>29.3</td>
</tr>
<tr>
<td>Balance</td>
<td>500438</td>
<td>100.0</td>
<td>576676</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: the authors' own elaboration

Among the assets of the Private Joint Stock Company "FED", the largest share is occupied by current assets, by years their value ranged from 73.7% in 2021 to 78.0% in 2020. Inventories as current assets are in second place in the overall structure, they amount to 55.9 – 56.6%. The smallest share is accounted for by cash – in 2019 it amounted to 1.6%, in 2020 – 5%, in 2021 – 1.5%. Thus, cash is insignificant and needs to be increased to address the possibility of prompt repayment of debts if necessary.

As for the company's liabilities, equity accounts for the largest share in it, accounting for 76.7% of its total structure in 2019, 66.6% in 2020, and 77.5% in 2021. The smallest share is allocated to long-term liabilities and collateral. It is important to note that current liabilities and provisions significantly exceed the amount of long-term liabilities and provisions, which, in our opinion, is quite problematic in practical implementation and requires sufficient free financial resources to fulfill such obligations. The lack of availability of data for 2022-2023 is due to the situation in the country and the ownership of the enterprise in question. The latter can be resolved through the implementation of economic and administrative methods of supporting business entities.

Under martial law, it is critically important to ensure the proper and continuous functioning of business entities, which requires state support. Some progress has already been made in this area, although it is not systemic and permanent. For example, taxes have been reduced to 2% of turnover instead of 20% of value added tax. For entrepreneurs belonging to the first and second groups of taxpayers, the payment of the unified social tax has become voluntary. A grant fund has been established to support 300 micro and small enterprises relocated or located in the combat zone under the EU4Business program and with the support of the Ministry of Economy and the Office for Entrepreneurship and Export Development for grant funding of UAH 125 thousand or about EUR 4 thousand; The list of critical imports as a barrier to the
development of export-import operations has been canceled, customs procedures have been simplified and the refund of value added tax on export operations has been restored, which allows for an increase in the working capital of the enterprises [11]. However, some urgent issues remained unaddressed by the government, including, first of all:
— broad financial and consulting support, such as the digital page "Business Support in War Time" on the Diia portal to inform entrepreneurs and the public about employment of internally displaced persons, business relocation, financial assistance and lending (for example, under the "5-7-9%" program), etc;
— opening a network of offline support centers for business entities to help them adapt to new conditions, restart and resume interrupted activities;
— assistance in entering international markets, searching for foreign partners, providing information on existing initiatives and projects, etc. [12]. Currently, fiscal transfers, for example, are extremely important:
— state subsidies (the maximum annual support for agricultural enterprises and related companies in 2022 is UAH 65 million);
— a support program for agricultural enterprises with an existing livestock industry (from 3 to 100 cows of all productivity areas) by providing subsidies of up to UAH 5.3 thousand per cow, but not more than UAH 530 thousand in total;
— assistance for processing enterprises (woodworking, furniture production, metalworking, agro-processing, production of building materials) by providing funds (maximum amount of UAH 8 million) for the purchase of fixed assets, covering the costs of their delivery and commissioning (the main condition of the project is the payment of taxes and unified social tax on the amount of the grant within 3 years, creation of at least 25 jobs);
— microgrants for launching a new business or expanding an existing one in the amount of UAH 150.0-250.0 thousand per entrepreneur or one enterprise with the possibility of an additional loan of up to UAH 2.5 million under the 5-7-9 program;
— microgrants for indoor crops and horticulture in the amount of UAH 5-7 million and UAH 150-400 thousand per 1 hectare of gardens (the state finances up to 70% of the project cost, the maximum grant amount is UAH 4 milliard);
— creation of the "Ukrainian Startup Fund" with a total amount of UAH 400 million to assist in the implementation of domestic technological projects that have started production (up to UAH 750 thousand), at the early stage of project development (up to UAH 1.5 million); which provide for the attraction of additional funding in the amount of at least UAH 750 thousand (up to UAH 3.5 million) [13, 14].

Conclusions

Thus, the priority and effective tools for the development of business entities under martial law are the introduction of a system of state support that allows to start and, in some cases, accelerate the restoration and modernization of the material base. It should be based on the effective components of the state’s financial and budgetary policy and involve the widespread introduction of grant support, socio-economic programs, financial and budgetary transfers, etc.

At the macro level, our proposals relate to improving the budgeting process and are based on the example of the Private Joint Stock Company "FED", which provides opportunities for broad integration into the national financial and budgetary sphere. Thus, we propose the mandatory use of dynamic approaches and static ones. These include methods of flexible budgeting and scenario modeling of the development of events. Optimization of budgeting parameters at the enterprise by reducing the budget period and the amount of planned information also makes sense to be planned. Dynamic changes in the external environment and the increase in periods with uncertainty of external conditions do not allow budgeting to be effective in achieving tactical and strategic goals. Therefore, the rejection of long-term forecasts and the focus on a short period of budget planning is obvious [9]. In our opinion, it is interesting and appropriate to use innovative budgeting methods for highly efficient cost management, quality planning and control. Unfortunately, such methods are not often used, although zero-based budgeting and business process budgeting are quite common in foreign companies. Together with the introduction of a system of information tracking and analysis of cash flows and diversification of targets, our proposals, we are sure, will have positive consequences for the company under study and for other domestic enterprises. After all, in times of crisis and uncertainty in the external environment, it is the availability of sufficient cash, as reflected in the balance sheet and cash flow statement, that is the basis of the anti-crisis program, so budgeting should be integrated with the system of strategic and operational management, including financial management.

Abstract

The purpose of the article is to substantiate the theoretical and methodological foundations for the development of business entities' activities and to develop practical recommendations based on the world experience of functioning in the context of transformation of inter-budgetary and financial relations. To achieve this goal, the authors set the following tasks: to determine the peculiarities of business entities' activities at the present stage; to summarize the characteristics of business entities' development in the context of transformation of inter-budgetary relations; to characterize financial and budgetary relations at the level of a specific business
entity, taking into account budgeting as a system; to propose directions for modernization of financial and budgetary relations with a view to harmonizing the interests of business entities and adapting to the tools of program-targeted management.

The authors identify the following as priority and effective tools for the development of business entities under martial law: introduction of a system of state support which allows accelerating the restoration and modernization of the material base; improvement of the budgeting process, application of dynamic and static approaches and methods of flexible budgeting and scenario modeling. The author substantiates the expediency of using innovative budgeting methods for highly efficient cost management, quality planning and control, including: "zero-based" budgeting and budgeting based on business processes, which are common abroad. Together with the introduction of a system of information tracking and analysis of cash flows and diversification of planned indicators, our proposals are aimed at obtaining positive results for the studied enterprise and other domestic business structures.

In the conditions of crisis and uncertainty of external environment parameters, the availability of sufficient cash, which is reflected in the balance sheet and cash flow statement, is the basis of the anti-crisis program, so budgeting should be integrated with the system of strategic and operational management, in particular, financial management.

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