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THE MODERN TRENDS IN MERGERS AND DEEPENING IN THE CORPORATE SECTOR OF THE NATIONAL ECONOMY

Statement of the problem. The restructuring of ownership in the corporate sector of the national economy is always associated with the transition property and other responsibilities from one entity to the newly created entity. However, in some cases, a change in the purpose and object of the corporation. An important feature of the current direction of research is the need for disclosure of the nature of the mechanism of transformation of organizational and economic status of existing companies as holders of rights to equity in the process of transferring them to other holders of rights and obligations, which assumes the newly created corporate enterprise.

Analysis of recent research and publications. In the preparation of this article were also used labor Ukrainian authors in related fields of science, such as research and technology strategies of corporate governance (A. Redkin [8, 9] N. Khrushch [9] L. Golovkova [2]), the study of business corporate processes (M. Adamkovych, J. Kwacha [12] V. Koval [4]), the study of the institutional environment functioning of the corporate sector of the national economy (Y. Epiphany [10] V. Onishchenko, L. Ptashchenko [7]) and study personnel and processes in the corporate sector of the national economy (M. Aistova [1] L. Fedulova [5]).

Problem. Transformation processes taking place in the corporate sector of the national economy, put forward new demands on development strategies of corporate structures that require consideration existing objective reasons which contributed to increasing trends towards concentration of capital, mergers and acquisitions in the corporate sector of the national economy.

The main material of the study. The current legislation of Ukraine on Joint Stock Companies provides five forms of restructuring [3, 6]: merger, division, separation, transformation. In today global marketplace the most important tool is the restructuring mergers and acquisitions [1, 8, 9, 11, 12]. In the existing theory and practice of corporate governance [1, 6, 9] taken to determine the absorption as a paid transaction as a result of which there is a transfer of ownership of a corporation that is accompanied by the replacement of purchased corporate and management changes in its financial and industrial policy. It is at this stage the possible property violations, causing the need for consideration of emerging conflicts.

The greatest desire for integration observed in those sectors of the national economy, where the most intense competition where possible merger, as objectively determined forms of association of share capital for the acquisition by any segment of the market. Keep in mind that in Ukraine bankruptcy is much simpler and if anyone is interested in the acquisition of the company today is quite simple to convert debt into shares.

In addition, experts have noted [2, 10, 11] that for the past two years in the corporate sector around the world saw an increase in industrial production, while, on the one hand, input prices grew more slowly than prices for their products, resulting to improve the financial situation of corporate structures. Proved [1, 4, 7, 8] that the process of merging traditional activated under growth and trend growth rate value of the

shares. So when financial resources are sufficient, one of the scenarios may be buying less efficient owners.

The authors of that study restructuring mechanisms of joint stock companies [1, 9, 12] propose to classify the merger as horizontal, vertical, family or concentric, conglomerate. Type the merger depends on the market situation in the field of national economy and the strategy of the company and the resources that are available.

In our opinion, in the grounds of mergers and acquisitions latent threat of capital market development in the national economy. There are several strategies that determine the causal relationship of these processes to react to market transformation. These include synergy, implementation and management of new information technologies, the development of diversification, creation of tax shields and more. Consider these processes in detail.

Preparation of the acquiring company synergies may be the result of saving operating costs, saving the costs of research, the effectiveness of combining complementary resources, increasing the size of the niche market. As a result of horizontal or vertical mergers appear larger companies that could use some benefits by saving operating costs due to the scale of operations. It is believed [1, 6, 9, 11], as a rule, pursue this goal at the confluence of the corporation. Acquirer, in addition, can achieve a significant increase in staff, the quality of consolidation accounting, financial management and control.

Small companies and large corporations are able to use complementary resources. Thus, the merger will benefit all, as a small company gets access to financial resources, and more - right to her product and the price is much lower than it could offer the market. Acquirer, using mail merge, can significantly enhance a production cycle.

Ability to escape from taxation plays an important role among the factors that encourage mergers in the corporate sector of the national economy. For example, a company may decide to merge, if one of them has significant tax benefits, and other operations are subject to the full rate of tax. Then, if the post-merger tax benefits extended to a new company, it will be beneficial both for the first and for the second company, which again will cause transformation in the corporate sector of the national economy.

Summary of the current situation shows that the company can often be a candidate for purchase, because the real value of its assets far exceeds the level at which it assesses the market. However, keep in mind that the real value of the company is determined by its potential development that includes: the possibility of expanding niche market businesses, the level of financial management, the speed of the production cycle, product quality, and many other indicators, and evaluation of the market can be both overpriced and underestimated.

Conducted by research [2, 3, 5, 10] suggest that the Law of Ukraine on Joint Stock Companies restructuring process, entities most relevant principles of Anglo-American model of corporate governance, as legislation on joint stock companies provided a number of or-

ganizational changes similar to what American lawyers understand how the processes of merger, consolidation, division and separation and transformation into a different type of legal units. The absence of national regulations guidance on the possibility of "participation" in mergers and acquisitions and other legal forms and instructions for the establishment of a result of the reorganization of the company, other legal persons of legal form is not an obstacle for such reorganization.

Acquisitions or mergers may be voluntary (as decided by the general meeting of shareholders) or forced (as decided by competent state authorities or court) in cases established by law. However, the general legal norm for all methods of restructuring has given shareholders the right to require redemption of all or part of their shares.

The set of measures of organizational regulations intended to protect the interests of shareholders and creditors of the company and is the most significant limiting factor when deciding on mergers or acquisitions, since in practice there are many opportunities to financial losses for investors own or borrowed capital. Consider some of them.

The institutional environment. In most states the law on joint stock companies provides mechanisms for restructuring and / or conversion / transformation of the company into another type of entity.

A variety of forms. Often various forms of restructuring are mutually replaceable. With sales of almost all the assets of corporations must provide mechanisms to adjust the capital structure and redistribution owners.

Considering the risk factor of minority shareholders. Since restructuring is an agreement (transaction), which has a relatively high risk job loss to shareholders, the decision to restructure should be taken with the consent and approval of the shareholders.

Considering the risk factor lenders. An important aspect of restructuring is the question as to what extent the law of corporations should contain mandatory provisions to protect the interests of creditors.

The last principle, we believe, takes center stage in the procedure of restructuring. In a transformational change in the corporate sector of the national economy legislation on joint stock companies must provide protection of creditors in the event of restructuring. In cases that could lead to negative consequences, creditors should have the right to demand early repayment of the obligations. Lenders may agree to restructure if it does not pose a potential threat to them. This allows lenders to fulfill existing contractual obligations and may require early repayment of the obligations, if they have reason to believe that the restructuring will adversely affect their interests.

In certain cases, creditors may be given additional protection mechanisms: for example, in the case of division of the company into two entities, or the allocation of a new company with pre-existing, old debts can be covered in period cumulative and separate obligations of both entities. The criterion of efficiency is maximizing the wealth of shareholders, which must determine the fair market value of the company's goals. The best estimate of fair market value of the target company, whose shares are traded on the stock market, is the total current market value of all of its issued shares.

The basis for the definition of economic efficiency and the creation of the new company is to a profit during the years of the agreement and the elements of the income distribution in favor of his own company, budget and individual partners. Comparison of these elements profits in the dynamics of the relevant costs to evaluate the effectiveness of the participation of domestic and foreign partners as business units that operate under the self-financing and samooplatnosti.

Typically, the company's balance sheet is expected by engineering "definition of interests" in which all calculations is carried out without the revaluation of assets to be purchased. Then the projected balance is adjusted according to the data obtained in the previous stages of the work. As a result, the company's management should receive long-term prognosis (5 years or more) effect that will affect the future balance sheet and income statement. This forecast should contain useful information for the management of future values of such parameters as P/E, bond rating companies and the majority of the financial performance of the company.

By the time the final decision should take financial audits, diagnostics exposures of operations, assets and products that are available. Applying additional inspections, audits and analysis of the transaction depends on the specific company and has identified shortcomings of previous audits.

Conversion is accomplished in securities of companies established in the restructuring process, according to the state registration of the new company. Thus, the securities of companies in their conversion void. Along with the state registration of securities placed by the merger of companies shall be registered report on the results of securities issue. In assessing the value of companies involved in reorganization, there are two most common methods of quantitative estimation: method of comparative analysis (CAPM) and discounted cash flows method (HRV) The main difference between these methods is that comparative analysis allows corporations to define a rational buyer - the cost of acquisitions and using discounted cash flows to determine the effect that the merger will make the welfare of its shareholders.

Based on the special factors of the acquiring corporation analysts determine the rational (defined market) the purchase price of the corporation - end. The flow of funds is determined based on data : operating profit (profit from core activities of the enterprise); income tax rate at which the subject company, amortization and other non-cash expenses, additional investment in working capital, capital. In addition to the above factors, which need to look for when forecasting cash flows, there are two. Costs of raising capital can be calculated as a weighted average cost of attracting debt and equity for the Corporation of the buyer. Weighted average costs of raising capital can be detected in the presence of information: average costs of raising capital, the marginal rate of corporate income tax, corporate bond yield, return of equity (share) capital of the corporation, partial commitments, the value of all debt liabilities commitments corporation, the market value of the corporation.

However, there are problems of data evaluation methods. First - is to find the discount rate to apply BCC models using CAPM model, which, unfortunately, only works in a completely solid hard market assumptions that market Ukraine is not responding. The second - is that for the application of the comparative method of analysis requires active national mechanisms for corporate control that Ukraine is only beginning to emerge. One additional problem that occurs analyst who uses BCC - is forecasting cash flows. Our country is still not working classical scheme of forecasting cash flows.

The decision on the application of a method of financing the reorganization is one of the key elements of the agreement, which may significantly affect the final decision of whether to pay obligations ordinary shares. Research [1, 9] suggests that this form contains many challenges that are difficult to solve, even in the developed and relatively stable stock market. It



is therefore necessary to determine how to affect additional issue of ordinary shares in the equity of the acquiring company and its current operating activities and, of course, to assess the long-term prospects of restructuring. The main advantage of using strategic merger paying convertible securities have the opportunity to issue the acquiring company common stock with immediate effect "diffusion" equity. In practice, the main reason companies quite often use this method of payment is possible to obtain significant tax rebates for the company.

The current situation in the corporate sector of the national economy is characterized by increasing scale redemption of shares for the purpose of redistribution [2, 3, 5, 6, 12], which is primarily a legal basis for the existence of the stock market - a tool implementation of these operations. And the redistribution carried out under the guise of reorganization schemes which do not always fit into the framework of the law, accompanied by a decrease in transparency in the imperfect institutional environment.

One of the biggest challenges today facing the Ukrainian government is to establish a reasonable balance between state and market self-regulation stock market. The main purpose of government regulation should be to ensure the continuity of the reproduction process of the national economy and achieve economic efficiency at the macro level. First of all, it concerns the financial instruments and the accounting system of property rights. Lack of effective financial industry, due to the imperfection of the legislative provision for transparency in the securities market may leave Ukraine out of global financial flows and limit its real possibilities of European integration.

Findings from the study. In conclusion, it is worth noting that the imbalance of interests and, as a result, conflicts between market participants does not contribute to the functioning of equity, its mobility, play in the national economy. Therefore, the coordination problem is still relevant goals, interests and activities in the corporate sector of the national economy with the use of levers and incentives to organizational regulation that allows us to formulate the following conclusions:

1. The stock market can only operate successfully in the presence of a number of documents regulating relations, communications and procedures on which the mechanism of consensus between different forces at the national and the international level, a compromise between the parties to the restructuring process and the movement of the share capital in the national economy.

2. One must consider the legal status of joint stock companies defined as banking, insurance, investment, currency legislation, and the legislation governing the professional activities the securities market.

3. In the corporate sector of the national economy becomes urgent problem of improving corporate law, which should be the basis for a code of ethics in the

practice of corporate relations in the national economy.

4. The problem of transparency of securities markets, as in whole, and the restructuring of capital stock companies remains the top priority in the national economy. Significant differences between the studied processes in developed countries and in Ukraine due, on the one hand, the lack of comparability of scale agreements and on the other, - income from operations in the secondary securities market.

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