

## EMISSION STRATEGY OF PUBLIC STOCK ENTERPRISES

**Raising of the problem.** The global financial crisis has dealt a big blow to the business sector of Ukrainian economy. However, experts note that the peak of the crisis has passed and there are some signs of growth. This recovery process is accompanied by the creation of new businesses. Establishment and proper functioning of new business structures is impossible without generating sufficient capital, the lack of which makes it necessary to search for additional sources of funding used to it as its own and borrowed financial resources. One of the goals is to develop strategic policy effective emission business strategy, what kind and aims to release all kinds of securities and corporate rights, which serve as a source of replenishment of equity and debt in the required quantity. For enterprises engaged now operate in the stock market of Ukraine and the need to attract additional funds, there are several sources of funding for their activities. These sources are loans and issue securities. Issue of securities is an effective way to increase the working capital of joint stock companies.

In this regard, there is a need to study, study and develop recommendations towards the improvement of existing and new approaches to the development and implementation of new emission strategy of public companies, as part of the emission policy and overall strategy of development.

**Analysis of the latest researches and publications.** To study the various aspects of the formation and implementation of emission strategy public company of great theoretical and methodological importance are works of many local scientists and economists, among which should be noted achievements G. The article, by L. Babich, D. Bayury, V. Bytyutskyh, V. Borzunov, V. Geets, A. Demba, V. Evtushevskaya, M. Zos - Kior, G. Kulish and baths, E. Libanova, J. Lupenko, J. Makarenko, A. Mendrul, A. Mikhailyuk, Moroz, M. Nebavy, V. Opryshko, Palkina Yu, W. Petyuh A. seriously, A. Popov, V. Rybalkin, I. Sazonets, A. Sohatskoyi, A. Tereshchenko, V. Tkachenko, A. Tridid. The study of etymology economic definition of "public corporations", it was found that the term is borrowed from domestic scientists from western literature (derived from the English. "Public company"). It should also be noted that a public company as a separate type of businesses paid much less attention in the scientific heritage of economists. The terms "public company", "open / public joint stock company", "Open Joint Stock Company", "public corporation", "public corporation" used by the authors / drafters as synonymous categories when translated from English. category of "public company", which is the root cause of the appearance and use of this phrase in the modern Ukrainian language. For your convenience perception results in the proposed study will use the term "public corporation".

Analyzed an array of references on certain issues makes it possible to present the results in the form of generalized conclusions, as well as some links to the most accurate position of the author (Table 1).

Table 1

### Determining the economic category "Public Company"

Number	Defining	Literary source
1.	The company, whose shares are traded on the stock exchange..	[1, p. 52]
2.	Company whose shares are free to buy and sell or place through open subscription.	[2, p. 51]
3.	Company whose shares can be bought and sold on the stock exchange consequently, the shares available to many segments of the population.	[3, p. 436]
4.	Company whose shares are freely traded on the stock market..	[4, p. 231]
5.	State or municipal corporation whose shares are traded on the stock exchange without restrictions.	[5, p. 238]
6.	A company that has the right to declare an open subscription for its shares all company, listed on an exchange are open priori, to attract shareholders (investors) they do not need another registration..	[6, p. 321]
7.	Public corporation is a legal entity created for commercial or industrial activity, should have issued share capital is not less than the level of legislative documents, may offer its shares for public subscription, which can be registered and get right on the stock exchange.	[7, p. 88]
8.	The legal form of the enterprise, capital is formed by the union of many individual capital through the issuance and public and offering.	[8, p. 58]
9.	Public company can make public and private placement of shares.	[9]

*\*Compiled by the author's research.*

Apparently, the mechanism of formation and functioning of public companies provides for mandatory emissions tsinnyz securities for their treatment in the stock market, and thus the development of effective emission strategy. However, many issues to improve the organization and formation of emission strategy public companies and are scarcely explored to date.

**Setting the aim.** The aim of the paper is to study the nature of the concepts of "public corporation", "Emission Strategy", as well as trends, especially the formation and implementation of emission strategy public company.

The main objective of the article is to develop effective strategies emission public company to improve its operations.

The object of the study was a public corporation of the food industry and processing of agricultural products Agricultural company JSC "AVIS" Khmelnytsky region.

The subject of research is theoretical and practical aspects of the formation and implementation of strategies emission Public Companies.

**The statement of the main part of research.** The features of a public company are:

- shareholders can sell their shares without the consent of other shareholders and the company;
- company may conduct both public and private placement;
- at IPO shareholders do not have preemptive rights to purchase shares, further placed the company;
- company must be listed and remain in the stock register at least one stock exchange, and the contracts of sale of shares,
  - which passed be listed on a stock exchange shall be made only on this stock exchange;
  - the annual financial statements of the company should be reviewed by an independent auditor and published (together with the auditor's report);
  - members of the supervisory board and the audit committee of the company is made public only by cumulative voting;
  - in addition to the issues for which the law requires a qualified majority (three -fourths vote of shareholders eligible to vote), a general meeting of the company by a simple majority of those present at the meeting.

The Company and its shareholders do not have the discretion to extend the range of issues to be resolved by a qualified majority, as well as increase the number of votes that other issues are resolved. Thus, common to all definitions is that the action must be PAT freely available to buyers in the stock market. It should be noted that the PSC is the result of combining capital owners - the shareholders who have invested their resources in some form (usually money) in enterprise creation or development of its activities and expect to get returns on their deposit, ie Operating profit economic terms, we can rephrase shareholders (owners of companies) invest its resources in an investment project (enterprise).

Emission Strategy issuer is a system of planned activities that allow the company to form their own capital on terms that are considered necessary financial managers and initiators of the partnership. It consists of two equally important aspects:

1. Determining the direction and usage of equity funds.
2. Preferred circumstances placement. Emission fundraising strategy includes:
  - a) oriented fixation potential habitat of the securities of the company (city, region, state or group of states);
  - b) determination (identification or formation) of the pool of potential owners of corporate rights (everyone, middle and upper class, etc.);
  - c) establishing model the sale of securities - with the office of the company, on a regional, all- or foreign stock exchange and so on.

Given all the founding charter capital, public joint stock company (JSC) to attract additional investment funds through public offering of shares. In this case, BP will have to increase its share capital, issuing additional shares. At the time of approval of the results of the general meeting of share placement, they must be fully paid. Emission Strategy - is part of the general policy of formation of financial resources, which is to attract their desired amount from external sources due to the production and placement on the primary market of own securities (stocks, bonds, etc.) [10, p. 59].

The first priority of the company during the emission operations in the securities market, given their diversity, is the development of specific emission policy. Under the terms of the modern theory of corporate finance PAT Agricultural company "AVIS" should systematically analyze the effectiveness of alternative funding sources - own funds of shareholders (equity) and borrowed (debt issuance, deposits and loans) to determine the optimal structure of funding sources that would minimize the costs and the tendency of society to risk and at the same time contributed to the effective management and regulatory compliance regulations.

Attracting equity capital from external sources through additional share issue is a complex and expensive process. Therefore, the source of their own financial resources are used only in very limited circumstances. From the perspective of financial management the main purpose of emission strategy is to involve the stock market required amount of own financial resources in the fastest possible time. The main components of the emission strategy PAT Agricultural company "AVIS" Khmelnytsky region include:

- defining its objectives emission activities;
- the choice of equity instruments, ie securities issued into circulation;
- determining the most effective methods of placement of securities;
- support rate securities of its own issue in the secondary market.

Develop strategies emission public company provides the following stages:

- exploring opportunities for future efficient allocation of securities;
- definition of the purpose of issue (real investment, improve the structure of the used capital, planned acquisitions of other companies and other purposes that require a rapid accumulation of a significant amount of equity;

- determining the amount of emission calculation is performed needs to attract their own financial resources from external sources;

- determining the denomination, type and number of issued shares.

Estimating the cost of equity capital generated has two parameters:

a) the predictability of dividends, which is based on the type of dividend policy;

b) costs of share issue and placement issue.

Issue of shares a set of actions for the implementation of the issuer's subscription for shares. The successful issue of corporate rights (shares, shares), share capital increase is dependent on many factors, including the condition of the capital market, the trends on the stock exchange (for corporate rights which is listed on the stock exchange), expectations for future earnings of the issuer and investors, as well as emission parameters (volume, rate, ratio, which is made emissions ).

A very important element procedures increase authorized capital by additional issue is to establish the rate of emission, ie the price at which the Company places its corporate rights. The course is set emissions as a percentage of the nominal value by the decision of the relevant companies. From a legal point of view the lower boundary of the course is the issue of new shares of nominal value, with economic - nominal value plus costs of issuance.

The main costs of emissions include: payment for services of auditors, Financial intermediation services indirectly, the cost of printing the forms of securities, the costs of state duty for registration of emissions (0.1% of the nominal value of the planned issue amount ) payment service independent registrar, the cost advertising and print media to issue new issue.

Costs associated with the issue of the securities included in the gross expenditures of the issuer. In order to stimulate demand for new share issue of the maximum value must be less than the market price of shares. Thus, the upper limit of the rate of emissions is based on the market (exchange) rate for the additional shares issue. Choosing the right course of issue is a crucial factor in the success of placement. The higher rate of additional issue, that is, the more it approaches the exchange of share price, the greater the amount of liquid assets involved in the company for a given amount of share capital increase, the higher will be the share premium.

Share premium or Aji - excess proceeds received from the issue (issue) of its own shares or other corporate rights over the par value of such shares (other rights). In other words, the share premium the difference between the rate of emission and the nominal rate of corporate rights. Amounts received now share premium is not included in gross income for tax purposes [11, p. 23].

Income on Aji may have not only corporations but also the company of other organizational forms. Size Aji in blood pressure may be established for the assessment of value or based on the balance rate (adjusted by the amount of hidden reserves) corporate rights.

The course closely linked to the issue of enterprise policy and the field of self-financing and payment of dividends. With the increase of the share of income that goes to pay dividends, the rate of emission tends to increase. If the maximum level is self-financing, then a minimum rate of emission. For example, in Switzerland today, the emission rate is set at 2/3 of the exchange rate and is 350 - 400% of nominal. In Germany, the emission rate is set at 20 - 25 % below the stock [12, p. 100].

According the Law of Ukraine "On joint stock companies" Closed Joint-Stock Company name Ahrofirma " AVIS " has been Modified on publicly Ahrofirma Stock Company " AVIS " on the basis of the minutes of the general assembly from December 8, 2010 and was registered 16.12.2010 № 1659105 0010 000 135 . Were taken issue ordinary shares of nominal volume of 8779378 units. The total price is 92183469 USD. In 2010, shares of the company were transferred in book-entry form. Additional fees and open (public) placement of additional issue adopted by the general meeting of shareholders.

During the period 2010-2012 he PJSC Agricultural firm «AVIS" consistently made a profit of 1 share, compared with 2010 showed a positive but unstable dynamics of this indicator. The highest level of this indicator has been made PAT Agricultural company "AVIS" in 2012 and amounted to 0,023 USD. Earnings per share (Table 2).

Таблиця 2

**Dynamics of net income (loss) of group 1 ordinary share in JSC Agricultural company "AVIS" in 2010-2012, UAH**

Indicator	2010	2011	2012	Deviation			Growth rate, %		
				2011-2010	2012-2011	2012-2010	2011-2010	2012-2011	2012-2010
ПАТ Агрофірма „ABIC"	0,0046	0,0096	0,0230	0,005	0,0134	0,0184	208,70	239,58	500,00

Source: author's calculations.

The decision to increase the authorized capital of the company by increasing the quantity of the existing par value shares through additional contributions and open (public) placement of additional issue adopted by the general meeting of shareholders. The purpose of financial resources from additional emission of shares is to increase the production capacity of the company and improve the business processes associated with the production, transportation and sale of products of the company. Equity issuer conducts independently in time, the shares are not listed. After expiry report on the results of placement logged in SSMNC temporary certificate of registration shall be subject to exchange release. Exceeding the target level placement of shares is not permitted. When vidmovi from issue of shares, contributions made to order placement, return not later than 30 days after the adoption of the relevant decision of the general meeting of shareholders. In the analyzed object PAT Agricultural company "AVIS" financial and economic indicators in general satisfactory. Issuing policy of the company is aimed at self-financing, as indicated by the ratio of financing the enterprise, the trend is definitely no, because the lack of working capital indicates a decrease in financial independence and reduce solvency. The company only in 2010 increased the authorized capital and channeled funds to improve and expand financial and economic activity. One of these problems is a significant shortage of working capital of the company. This problem can be solved by issuing stocks, since this source is the cheapest and most convenient. The size of the additional issue will be 50,000 thousand. Of 10 USD. The course takes into account the minimum emission rate weighted average cost of capital. Thus, much of the money spent on replenishment of funds for some of the increase of stocks. The resulting share premium income goes to another additional capital company. The management offered to buy 51% of the new issue to avoid loss of control, and the rest spent on the free market, since the stake is no opposition control package owners.

**Summarising and further research.** Attracting equity capital from external sources through additional share issue is a complex and expensive process. Therefore, the source of their own financial resources are used only in very limited circumstances. From the perspective of financial management the main purpose of emission strategy is to involve the stock market required amount of own financial resources in the fastest possible time. Main types of implementation strategies emission PAT Agricultural firm "AVIS" include: defining the objectives emission activity, the choice of equity instruments, ie securities issued into circulation, identifying the most effective methods of placement of securities; support rate securities of its own issue in the secondary market. The primary task of a public company during the emission operations in the securities market, given their diversity, is to develop specific emission policy. Under the terms of the modern theory of corporate finance, PAT Agricultural company "AVIS" should systematically analyze the effectiveness of alternative funding sources - own funds of shareholders (equity) and borrowed (debt issuance, deposits and loans) to determine the optimal structure of funding sources that would minimize the costs and the tendency of society to risk and at the same time contributed to the effective management of JSC Agricultural company "AVIS" and adherence to regulatory compliance requirements.

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**Purpose.** The aim of the paper is to study the nature of the concepts of "public corporation", «emission strategy", as well as trends, especially the formation and implementation of emission strategy public company.

**Methodology of research.** The study used: methods of theoretical generalization and comparison, analysis and synthesis ( the study of defects and ways to improve the formulation and implementation of effective strategies emission ) monographic ( the study of the conceptual apparatus , identifying and studying prospects of Excellence ), statistical (if identified factors influence on the emission strategy public companies).Theoretical and methodological basis is the dialectical method of understanding economic phenomena, Proceedings domestic and foreign scholars, legal regulations and Ukraine, statistical data of the State Statistics Service of Ukraine and the Department of Statistics at the Khmelnytsky region.

**Findings.** Grounded resolve outstanding issues in the formation and implementation of effective emission strategy of public joint stock companies formed the main lines and components emission strategy public joint stock company "AVIS", identifying the most suitable areas to improve emission strategies for raising capital and improving its operations.Scientific novelty.

**Originality.** The composition of effective emission strategy public company.

**Practical value.** These results contribute to solving some of the problems and new approaches to the development and implementation of effective strategies emission Public Companies.

**Key words:** public joint stock company, event, issue, strategy.