ReasOns and Con ConsequeNceS of the Bankruptcy of Domestic Enterprises Under the modern terms and conditions

Sukrusheva H.O.
Candidate of Economic Sciences, Associate Professor,
Senior Lecturer at Department of Finance and Credit,
Kharkiv Institute of Finance,
Kyiv National University of Trade and Economics

Paputsyn V.M.
Student,
Kharkiv Institute of Finance,
Kyiv National University of Trade and Economics

Bankruptcy is a natural phenomenon of the market economy – the unprofitable, inefficient, and insolvent companies are terminated. However, under the today’s unstable economic conditions, a significant number of companies found itself in a difficult financial state. Companies very often face financial ruin due to the unpreparedness to sudden crisis conditions or any other changes in the economy. Under the conditions of the economic crisis, the determination of the probability of bankruptcy is particularly acute as the number of bankrupt enterprises increases.

At the end of 2016, the number of cases completed by implementation fell to 2101, which is lower than in 2015 by 14.5%, when comparing 2016 to 2011, the number of cases was lower in almost four times. The total number of cases in which the resolutions on the bankruptcy in the reporting period at the end of 2016 were made – amounted to 1385, which is 29.9% less than at the end of 2015 and, when comparing 2016 to 2011, the number of such cases is less than 3.8 times.

To prevent the companies from a crisis state, one should create an appropriate and warning system adequate for the real socio-economic processes, preventing and overcoming bankruptcy, which raises the company’s ability to function in high risk and threats.

The paper substantiates the term “bankruptcy” based on the legislation and work of the local scientists, the number of cases to restore the solvency of the debtor or the definition of bankruptcy is analysed, their decline at the end of 2016 is found, and a set of measures is presented regarding the prevention and overcoming bankruptcy that will give an opportunity to react in time to organizational, operational and financial risks of the company for the purpose of preventing from its liquidation, these measures are meant to create the terms and conditions for the company’s effective activity through early detection and reducing the effect of different dangers and threats.