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REASONS OF THE FINANCIAL CRISIS IN AGRICULTURE

Monitoring of the financial crisis development probability is relevant for any enterprise. In agriculture, the level of entrepreneurial risk is higher compared to other sectors, since the results of activities depend significantly on external (natural, competitive and other) conditions. Traditional approach of predicting the development of the financial crisis by financial ratios does not take into account the impact of the risks of activity and factors that are the root causes of problems.

It is necessary to take into account risk factors in the agricultural sector of Ukraine when assessing the probability of financial crisis of agricultural enterprises' development.

The most significant threats and factors that increase the probability of financial crisis in an agricultural enterprise are considered:

1. Natural and climatic risks, since the results of economic activities are almost entirely dependent on weather and climatic conditions, natural phenomena and biological processes that are impossible to foresee and difficult to control.

2. The possibility of increasing tax and other pressure on product manufacturers, the adoption of laws and regulations that reduce the efficiency of the industry. The instability and unpredictability of the legal field and, in particular, the tax legislation in Ukraine is one of the main reasons of the financial crisis in agriculture.

3. High interest rates on loans significantly reduce the efficiency of agricultural enterprises and increase the risk of their default.

4. Financial risks are also associated with a significant duration of the reproduction cycle. For example, growing a dairy herd requires more than three years; therefore, in the event of a growth in demand for dairy products, it is not possible to quickly increase the livestock to adequately respond to market

conditions.

5. Situation on the certain products market, seasonality of production, size and level of specialization of an enterprise, use of leased land that cannot be accurately predicted and controlled.

Since it is impossible to completely avoid a risk of financial crisis, it is necessary to learn how to manage it. One of the main stages of risk management is their analysis. Typical negative effects of threats on the financial state of an enterprise are loss of assets, reduction of highly liquid assets, significant decrease in income, increase of expenses, and as a consequence extra loss appears. The considered threats cannot be ignored when constructing a model of probability of financial crisis development.

To assess the risk, we propose to use a method of peer review with the involvement of a team of employees of the enterprise and independent professionals. Experts analyze the risks using a system of indicators for the most threatening risks. According to the results of the examination, the object of study belongs to the relevant group of enterprises: with low, acceptable or critically dangerous level of risk of financial crisis. Enterprises that are at risk of financial crisis are advised to develop a plan to prevent it. It should include measures to prevent those factors that have been identified as the most threatening.

Thanks to a comprehensive approach the combination of financial indicators and quantitative assessment of risks that have the greatest impact on the livelihoods of agricultural enterprises will improve the accuracy of assessing the prospects of financial status of enterprises in agriculture.

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