Comparative analysis of methods and sources of financing of the transport organizations activity

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Abstract. The article considers the analysis of methods of financing of transport organizations in conditions of limited investment resources. A comparative analysis of these methods is carried out, the classification of investment, methods and sources of financial support for projects being implemented to date are presented. In order to select the optimal sources of financing for the projects, various methods of financial management and financial support for the activities of the transport organization were analyzed, which were considered from the perspective of analysis of advantages and limitations. The result of the study is recommendations on the selection of optimal sources and methods of financing of transport organizations.

1. Introduction
Within a market economy, the foundation of the financial condition of an organization is its profit, the most important indicator of the efficiency of the organization's work, the source of its vital activity. The profit growth creates a financial basis to implement the expanded functioning of the organization and meet the social and material needs of the founders and employees. Organization focus on the profit gain is an indispensable condition for their successful entrepreneurial activity, a criterion to choose the optimal directions and methods of this activity. The problem of the accurate definition and distribution of profits becomes the most relevant among commercial organizations of the transport industry, which are legal entities that pursue the profit generation as the main goal of their activity [1].

2. Materials and Methods
Owners of organizations are interested in maximizing their profits, since it is through profits that organizations can develop, increase the scale of production and bring more profit to their owners. On the other hand, the profit performance determines the investment attractiveness of the business.

Investment activity is one of the primary spheres of production and economic activity of organizations. For the majority of organizations, it becomes one of the most important areas of work, which success defines their viability in the present and the future. This makes it possible to consider that investment activity today is allocated to an independent, different from production and economic area of work of organizations, comparable in its complexity and significance with other fields of activity [2].

Considering investments in dynamics, i.e. during the process of changing the value forms and turning them into the final product of investment activity for a certain period, one can say that investment becomes a part of income for a given period that cannot be used for consumption. Accordingly, investment activity is understood as investment making and a set of practical actions for the implementation of investments.
The choice of the method of investment is a fundamental prerequisite for its success. Classification of investment is presented in Figure 1.

**Figure 1. Classification of investment**

Investments, aimed to acquire fixed assets, are carried out in the form of capital investments. At the same time, the investor can attract other investors (co-investors) to finance one's projects, who have decided to invest their own funds by concluding co-investment agreements with them.

It is important for transport industry organizations to develop a rational structure for financing of investment projects. An important role in the creation of such a structure plays the analysis of the sources of financing of projects, the value of self-financing and attraction of investments for the organization. Financial support for projects can be carried out on a non-returnable or repayable basis (Figure 2).

Usually, investments are directed to purchase vehicles, new technologies, tools and other work equipment. Since investments in the transport sector are long-term, the incentives to invest depend on the profit margin and payoff period.

**Figure 2. Methods and sources of financial support for projects**
For a further understanding of the essence of the problems of making investment decisions, it is useful to analyze in this light the generalized impersonal point of view of the transport industry organizations, which scientifically is aggregated and analyzed through expert surveys [3].

3. Results
A peculiarity of these factors is that they are time-separated phenomena and causes that limit production activity, whereas the level of their risk cannot be calculated to a high degree of accuracy [4].

![Figure 3. Methods of financial management](image.png)

Investment activity in Russia remains with a low level of development potential, what leads to low reliability and solvency of its participants. This determines the instability of financing of the existing projects, as the inconsistency of their implementation affects the synchronized work of the financial mechanism in the transport sector and, in particular, the financial mechanism for implementing the project throughout the entire life cycle.

The depreciation of machines and mechanisms as a limiting factor for the production activity of organizations also indicates that under conditions of underutilization, their ability to replace the fixed assets is reduced. In order to reduce the risks of financing the current and future liabilities, organizations limit investments in machinery and mechanisms. And since the offer of projects for implementation is small, organizations do not have clear guidelines, what kind of transport may be required in the future [5].

Thus, the considered factors are appeared in a negative way throughout the life cycle of the project, limiting the production capacities of the transport industry organizations.

In countries with developed market economies organizations rely on methods of project financing, when they plan and make investment decisions. The general logic of basic economic methods, their basic parameters, the possibility or compulsion of execution are set centrally within the framework of the system of state management of the economy. Intermediate position between these two groups in terms of the degree of centralized controllability and mandatory application is occupied by special methods of financial management, many of which are only just getting widespread in Russia (Figure 3).

There are different views on the composition of the methods of financial support for the activities of the organization in the economics literature (Figure 4). The method of financing acts as a way to attract monetary resources in order to ensure financial stability of the organization. Emission methods (corporatization, as well as equity and other contributions to the authorized capital) are equity funding of investment projects. Corporatization as a method of financing of investment projects has a number of advantages and limitations (Figure 5).
For organizations of another business legal structures, the attraction of additional funds intended for the implementation of the investment project is carried out through investment contributions, depositions, shares of founders or invited third-party co-founders to the authorized capital. This method of financing is characterized by lower operating expenditures than the additional stock issue, but at the same time more limited volumes of financing. Venture financing is one of the forms of financing of investment projects by creating a new organization dedicated specifically to implement the investment project [6]. The main forms of credit financing are investment loans and targeted bonded loans. Investment loans from banks act as one of the most efficient forms of external financing of investment projects in cases when organizations cannot ensure their sale at their own expense and issue of securities. Advantages of this method are shown in the Figure 6. Investment loans are, usually, medium- and long-term. The term of attracting an investment loan is comparable with the timing of the implementation of the investment project.

**Figure 5.** Advantages and drawbacks of attracting stock capital

1. payments for the resource use are carried out depending on the financial results;
2. significant scale and open-ended;
3. allow to ensure the formation of the required amount of financial resources at the beginning of the implementation of the investment project;
4. shareholders can exercise control over the designated use of funds.

Investment resources of the joint-stock company are received upon the completion of the issue of shares, and this requires time, extra costs, testimonials of the enterprise creditworthiness, information transparency, etc. The procedure of additional shares issue involves registration, listing, significant operating expenses.
Commodity loan has a number of advantages in comparison with other opportunities in the formation of debt capital, which consist in the following:
1. Commodity loans are the handiest forms of financing due to the attracted capital of the least liquid parts of working assets.
2. They allow to automatically equalize the seasonal needs in other forms of borrowing.
3. This type of lending cannot consider the provided materials, products and raw material as a property pledge of organizations.
4. In this type of lending, not only borrower organizations, but also their suppliers are interested, since it helps to increase the turnover of all production and generate additional profits.
5. The value of commodity loans, as practice shows, is much lower than the value of the received financial loans.
6. Using commodity loan helps to reduce the overall financial period of organizations, while reducing the need for financial resources that are used in the formation of the working assets. This can be seen from how this type of financial liabilities takes a significant part of its accounts payable.
7. It is distinguished by a simple mechanism in the process of registration in comparison with other types of loans that are attracted by the organization.

Figure 6. Advantages of using an investment loan.

4. Discussion
It should be noted that as a lending instrument commodity loan has the following drawbacks:
1. This type of loan is limited in time. The period of its receipt (except for forced prolongation) is determined from two to three months.
2. Compared to other credit products, commodity loan suggests the possibility of increased credit risk, because essentially this is an unsecured type of loan. Consequently, for organizations using this loan, it carries an additional risk of bankruptcy, with a possible deterioration of the market situation in the process of product sales.

Knowing the advantages and drawbacks of the commodity loan, the organization can take into account all inherent risks in advance, using this lending instrument to obtain the necessary borrowed funds. Thus, one of the most important fields of activity for any organization remains the investment one that carries out operations related to money investing in the implementation of projects that will ensure benefits for the organization over a certain period of time.

5. Conclusions
The system of financial support for the investment process consists of the organic unity of sources and methods of financing of the transport sector of the economy. The method of self-financing and the credit method have not yet received a proper development due to the low profitability of most organizations and the unsatisfactory state of the economic and legislative environment in the country.
As a result of the comparative analysis of the organization's financing methods, we came to the conclusion that credit financing is more profitable for the organization of the transport industry than self-financing. At the same time, credit financing is riskier for the organization, as the interest rates for the loan and the bulk of the debt must be repaid under any conditions, regardless of the success of the enterprise.

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