

VI MIĘDZYNARODOWE FORUM FINANSOWO-BANKOWE



PROCESY INWESTYCYJNE W ROZWOJU GOSPODARCZYM

14-15 LISTOPADA 2013



Szkoła Główna Gospodarstwa Wiejskiego w Warszawie

Wydział Nauk Ekonomicznych

Katedra Ekonomiki i Organizacji Przedsiębiorstw

Zakład Finansów Przedsiębiorstw i Rachunkowości

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14.11.2013r. (Czwartek)

10⁰⁰–11¹⁵ REJESTRACJA UCZESTNIKÓW

11¹⁵–11³⁰ ROZPOCZĘCIE FORUM

PROF. DR HAB. JAN NIEMIEC

Prorektor ds. Nauki

DR HAB. JAROSŁAW GOŁĘBIEWSKI

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DR HAB. MIROSLAW WASILEWSKI, PROF. NADZW. SGGW

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11³⁰–12⁰⁰ I SESJA PLENARNA – REFERAT INAUGURACYJNY

Przewodniczący – **DR HAB. MIROSLAW WASILEWSKI, PROF. NADZW. SGGW**

MGR MACIEJ WOJDYŁA (Giełda Papierów Wartościowych w Warszawie) – Finansowanie działalności przedsiębiorstw w oparciu o rynek kapitałowy

12⁰⁰–13⁴⁵ II SESJA PLENARNA – ROLA BANKOWOŚCI SPÓŁDZIELCZEJ W GOSPODARCE

Przewodniczący – **DR HAB. ADAM SAMBORSKI, PROF. NADZW. WSB**

Referenci:

MGR SŁAWOMIR SZURNICKI (Bank Polskiej Spółdzielczości) – Rola bankowości spółdzielczej w finansowaniu wzrostu gospodarczego

DR MARIUSZ ZYGIEREWICZ (Związek Banków Polskich) – CRD IV i finansowanie wzrostu przez banki zrzeszające

DR HAB. SŁAWOMIR JUSZCZYK, PROF. NADZW. SGGW (SGGW w Warszawie) – Rozwój bankowości spółdzielczej w Polsce – szanse i zagrożenia

MGR MICHAŁ KRAKOWIAK (Krajowy Związek Banków Spółdzielczych) – Współczesna bankowość spółdzielcza w Europie

MGR JAN KUŹMA (Dom Maklerski Banku Polskiej Spółdzielczości) – Spółdzielcza hossa na rynku Catalyst

13⁴⁵–14⁴⁵ OBIAD

**14⁴⁵–17⁰⁰ III SESJA PLENARNA – PROCESY INWESTYCYJNE
W PRZEDSIĘBIORSTWACH**

Przewodniczący – **DR HAB. MALGORZATA HYBKA, PROF. NADZW. UEP**

Referenci:

DR JAN DWORNIAK (Jan Dworniak Sp. z o.o. Centrum Badań Audytorskich, Analiz i Doradztwa Finansowego) – Procesy inwestycyjne w rozwoju spółdzielni mleczarskich

DR HAB. MICHAŁ PIETRZAK, PROF. NADZW. SGGW (SGGW w Warszawie) – Inwestycje w majątek trwały a wyniki ekonomiczno-finansowe spółdzielni mleczarskich

DR IRYNA PEREVOZOVA (Ivano-Frankivsk National Technical University of Oil and Gas) – Economic expertise based on business plan as an instrument of control and the financial justification of the investment project

DR HAB. JACEK UCHMAN, PROF. NADZW. UE (Uniwersytet Ekonomiczny we Wrocławiu) – Inwestycje przedsiębiorstw a opodatkowanie dochodów

DR MARZENA GANC, DR MAGDALENA MAĐRA-SAWICKA (SGGW w Warszawie) – Możliwość wykorzystania ulgi inwestycyjnej w indywidualnych gospodarstwach rolnych w sytuacji wprowadzenia podatku dochodowego

DR DOROTA CZERWIŃSKA-KAYZER (Uniwersytet Przyrodniczy w Poznaniu) – Inklinacje rolników indywidualnych do realizacji inwestycji rzeczowych w gospodarstwach rolnych

DR ALEKSANDRA PISARSKA (Uniwersytet Jana Kochanowskiego w Kielcach) – Specyfika inwestowania (kształtowania nakładów na rzeczowe aktywa trwałe) w szkołach wyższych

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**17³⁰–19⁴⁵ IV SESJA PLENARNA – PROCESY INWESTYCYJNE W SEKTORACH
GOSPODARKI**

Przewodniczący – **DR HAB. MICHAŁ PIETRZAK, PROF. NADZW. SGGW**

Referenci:

DR HAB. MALGORZATA HYBKA, PROF. NADZW. UEP (Uniwersytet Ekonomiczny w Poznaniu) – Regionalna pomoc publiczna w formie dodatku inwestycyjnego dla przedsiębiorstw w Niemczech

PROF. DR HAB. ANATOLII CHUPIS, MGR KIRILL KASHENKO (Sumy National Agrarian University) – Investment for Sustainable Development of the Agrarian Sector

PROF. DR HAB. IRYNA MAZUR (Taras Shevchenko National University of Kyiv), **MGR VITALII ZIANKO** (Vinnytsia National Agricultural University) – Venture Capital and Its Features in Ukraine

DR JOANNA FLOREK (Uniwersytet Przyrodniczy w Poznaniu) – Nakłady inwestycyjne w polskim przemyśle spożywczym w latach 2000-2011

DR ANNA NOWAK, DR AGNIESZKA KAMIŃSKA (Uniwersytet Przyrodniczy w Lublinie) – Regionalne zróżnicowanie nakładów inwestycyjnych w rolnictwie w Polsce

DR ANNA MILEWSKA (SGGW w Warszawie) – Związki międzygminne szansą na racjonalizację wydatków inwestycyjnych

DR JOLANTA ZAWORA (Uniwersytet Rzeszowski) – Zadłużenie i wynik operacyjny gmin w świetle uwarunkowań prawnych i samorządowych wydatków inwestycyjnych

20³⁰ KOLACJA W CHACIE GÓRALSKEJ

15.11.2013r. (Piątek)

9⁰⁰–11⁰⁰ V SESJA PLENARNA – POLITYKA RACHUNKOWOŚCI W PROCESACH INWESTYCYJNYCH

Przewodniczący – **DR HAB. JUSTYNA FRANC-DĄBROWSKA**

Referenci:

PROF. DR HAB. VALERIY ZHUK (National Academy of Agrarian Sciences of Ukraine) – Investment attractiveness and financial safety provide by accounting in the agricultural business of Ukraine

DR IRINA KHARCHEVA (Russian State Agrarian University) – The role and modification of accounting in the system of personal management in the agrarian and industrial complexes organizations (AIC)

DR LIUBOV POSTNIKOVA (Russian State Agrarian University) – Problems of accounting development of foreign economic activity of the agrarian organizations of Russia in modern conditions

DR ANNA BERNAZIUK (BDO Sp. z o.o.) – Polityka rachunkowości w zakresie ewidencji i rozliczania inwestycji

DR MAŁGORZATA RÓWIŃSKA (Uniwersytet Ekonomiczny w Katowicach) – Polityka rachunkowości jednostek gospodarczych w zakresie doboru modeli wyceny bilansowej inwestycji finansowych

DR HAB. NATALIYA PRAVDIUK, DR VITALY POKYNCHEREDA (Vinnytsia National Agricultural University) – Investments in human capital – accounting aspect

11⁰⁰–11³⁰ PRZERWA

11³⁰–13¹⁵ VI SESJA PLENARNA – WYBRANE PROBLEMY BANKOWOŚCI

Przewodniczący – **DR HAB. JACEK UCHMAN, PROF. NADZW. UE**

Referenci:

PROF. DR HAB. MYKOŁA MALIK, DR HAB. LESIA ZABURANNA (Institute of agrarian economy) – The state backing mechanism for the development of the agrarian sphere of economy of Ukraine

DR HAB. ADAM SAMBORSKI, PROF. NADZW. WSB (Wyższa Szkoła Bankowa w Poznaniu) – Znaczenie banków w finansowaniu inwestycji rzeczowych w polskim sektorze przedsiębiorstw

DR EMILIA STOLA (SGGW w Warszawie) – Kryzysy finansowe a bezpieczeństwo działalności banków komercyjnych w Polsce

DR HAB. NATALIYA ORLOVA (Donetsk State University of Management) – Issues of Non-Bank financial Institutions investment activity in Ukraine

DR MARIA ZUBA (Katolicki Uniwersytet Lubelski Jana Pawła II) – Zmiany działalności kredytowej banków w Polsce i w Europie w latach 2000-2011

DR RYSZARD KATA (Uniwersytet Rzeszowski) – Czynniki behawioralne i demograficzne wpływające na korzystanie przez rolników z kredytów inwestycyjnych

**13¹⁵–13³⁰ PODSUMOWANIE FORUM
DR HAB. MIROSLAW WASILEWSKI, PROF. NADZW. SGGW**

13³⁰–14³⁰ OBIAD

14³⁰ WYJAZD DO WARSZAWY (15³⁰ – DWORZEC CENTRALNY, 16⁰⁰ – SGGW)

Mazur Iryna, Doctor of Economics, professor;

head of the Department of Entrepreneurship; Kiev national University
of Taras Shevchenko

Vitalii Zianko, PhD student, assistant;

Department of Finance, Vinnytsia national technical university

VENTURE CAPITAL AND ITS FEATURES IN UKRAINE

PREFACE.

Number of businesses that become venture capitalists rapidly growing in developed countries. More and more people involved to the venture business every day in any way because of the prospects of quick and easy money in a relatively short time.

Selection of different sources of financing of various projects (mostly innovative), their structure and specific means of attracting are the most difficult task for the entrepreneur because of it depends the efficiency of the financial performance of the project. If an investment project accomplished by newly established firms that are relatively short in the market and provide high returns of investments, it's mean that a potential source of investment is venture capital that has exceptional for innovation project. However innovation activities significantly more than other areas of business-related with risk, as a guarantee of positive result is virtually absent here. But in the areas that require significant initial investment,

venture business is often only the one hope of entering the market due to risks that are not allowed for traditional lending institutions.

For Ukrainian entrepreneurs search of funding of innovation projects complicated by the instability of the current economic and political situation in the country, lack of qualified specialists of venture capital management and that the activities of venture funds are not entrenched in law yet (no law on venture capital funds). So investigation of the characteristics of venture capital investment in Ukraine and possibilities of its usage by domestic enterprises are very relevant.

Methodical part.

The investigation of problems related with functioning of venture capital market and innovative development devoted a lot of scientific works of domestic scientists, such as Victor Bazylevych [1], Zacharias Varnaliy [2], Vitalii Zianko [3], Tatiana Calinescu, Alexander Antipov, Victoria Koretska-Garmash [4], Vasil Kovalyshyn [5], Iryna Mazur [6], Oleg Kuzmin, Martha Naychuk-Khrushch, Olga Hook [7], Igor Lyuty, Ruslan Picos, Natalia Prykazyuk, Xenia Starovoit-Bilonyk [8], Valeriy Osetskiy [9], Galina Fylyuk [10], Lilia Shylo [11] and others.

Among foreign scholars of problems of venture financing of innovative activity are noteworthy works of Bob Zider [12] Constantine Christofides, Oliver Debande [13] etc.

However, the issue of venture capital investment requires further investigation, improvement of definitions and systematization of theoretical and practical knowledge.

Aim of article is to investigate the contents of venture capital, its organizational structure and to identify features of manifestation and prospects for future operation and development in Ukraine.

Scientific part.

Venture business is a risky activity, during which created and implemented in the production new products, technologies and services. Venture firms are mostly small businesses in advanced manufacturing industries (electronics, biochemistry, bioengineering) that progresses rapidly and intensified generational changes of products and technologies.

Venture investment is becoming more common in high-tech and innovative industries taking into account the national and global progress trends of investment processes. This form of investment provides opportunities to inculcate and realization the progressive new ideas, which in the early stages aren't able to guarantee any results. But they are innovative and those that can make a significant breakthrough in a particular area.

Venture firms are usually specialize in spheres of scientific research, development, application of innovations organization of which is associated with heighten risk level. In overwhelming majority events such companies are formed by a group of like-minded people, such as experts, engineers, scientists, inventors who have some work experience in the laboratories of large firms and research institutions as well as individuals who want to start their own business.

The term "venture capital" (VC) is accepted to understand as an alternative form of investment for cases where lenders are not willing to finance a business proposal. Because there is a huge difference between self-financing, getting a loan from a credit institution, selling part of the enterprise's capital and venture investment. Attraction of venture capital is easy and fast, it doesn't require additional expends from entrepreneur (payment of loan percent) and management is in the hands of the leaders of company. Venture capitalist divides all the risks with an entrepreneur. While the involvement of own financial resources are limited, selling of part of company's capital needs much time and the process of obtaining a loan from credit institution is gravely and require from employer extra cost to pay for loan percent.

Venture capital is the main source of investment of innovation business. Venture funds unite investors to start businesses with growth potential. This is a very important source of funding for startups that don't have access to other funds due to the high level of risk, but potentially promising high profitability for investors.

Before cooperation between venture investor and entrepreneur will start, entrepreneur must give clear answers to the following questions:

- Are businesses really ready for new partners who would place specific requirements on the control and management of the company?

- Does entrepreneur ready to explore what venture capitalists want (own idea can arrange its author, but can't provide sufficient capacity to attract venture capitalist)?

- Does entrepreneur ready to spend time looking for venture capitalists? Nevertheless venture capital is much harder to find than a bank loan. And the process of researching each other as potential new partners are enough long.

- Does entrepreneur realize that is likely to sell more part of the company than planned? Because venture capitalist will set the rules and not infrequently half or more proportion of businesses will own to other shareholders.

If answers to these questions are positive, venture capital is what you needed.

In any business venture capital has played a crucial role always. If credit institutions denied giving loan to borrower because of insufficient quantity of liquidity asset to optimize credit risk, absence of bail or imperfection of business plan, then venture capital is only hope.

Venture capital investments will allow organization to begin the project, demonstrate its viability, reduce risk level, that enable getting bank loan at the next stages of the project, which was impossible initially. However, credit will not be given necessarily after venture capital receiving because it may prevent the appearance of analogical projects on the market, new products or other factors that impossible to predict.

Venture investment is most suitable for companies which require considerable amounts of capital at the early stage (seed stage) of the project and which can't get

indispensable assets from credit institutions. This often fall within immaterial assets obtaining such as software or other objects of intellectual property rights, the exact value of it is difficult or impossible to determine.

Typically, venture capital best suited for businesses that:

- Have a real business plan that able to convince a potential investor in reliability and perceptivity of the company that provides project;
- Require a significant amount of money, which at the early stages of the project is difficult to obtain in form of bank loans;
- Passed the start-up period of formation and ready for rapid expansion and growth;
- Endowed with good liquidity prospects;
- Have an ideal ratio of risk and benefit in the eyes of investors.

In a broader sense, Venture Capital is the money, which has been invested in a business project, but wasn't leased to commercial enterprise for providing its needs in required capital for start and/or growth. Venture investors don't require guaranteed monthly payments, which explain why venture investment is the most common form of financing technology and knowledge-intensive industries that developing rapidly. At the same time, it does not mean that venture investors finance innovative projects without any conditions. The attraction process of venture investment (venture capital) has substantial distinctions from getting borrowings or credit.

Lenders have legitimate rights to percentages on the loan, independently of success or failure of the business and venture capital is invested in exchange for a share of the business.

In other words, return of venture investments depend on growth and profitability of business. This return is usually happened when venture capitalist "comes out" of the business project by selling his shares.

Terms of «departure of investments» were complicated In Ukraine by considerable amount of criminal capital in the economy that has negative effects on the processes of interaction between entrepreneurs and investors, and so it is a major risk for the domestic venture business.

Distribution of common risks between venture investor and entrepreneur, long period of coexistence and open declaration by both sides their goals at the initial stage of work are the possible components, not automatic success. However, exactly this approach is the main difference between venture capital and bank loans or strategic partnership [14].

Because most of venture investments are illiquid and require a long payback period, venture capitalists are conducting detailed audit before investing to increase the likelihood of successful investments.

Investments of venture capitalists are nothing else than form of partial ownership, usually with the administrative and operational control of enterprise by venture capitalist. This type of investment is called "tolerance money" sometimes, and they generally provided for a period of 3 to 7 years. Often Representatives of venture capitalists are the members of the Board of Directors of the company and have a significant impact on the decision-making executive.

Companies that can become highly profitable in a relatively short period of time are financed by Venture capital as a rule.

However, money invested by venture capitalist can increase or decrease in direct proportion to the success or failure of the enterprise. And yet, professional venture capitalist can provide:

- Financing that is available when other sources are unavailable due to extremely high risk level;
- Assessment of growth potential of the company that urgently needs large amounts of capital. If several venture firms refused to provide it, then it could be a sign that the business concept can't satisfy the strict standards and, most likely, is wrong;
- After receiving of venture investments, additional funding that can be obtained relatively quickly and in sufficient quantities to finance growth of company at every stage.

It is advantageous to venture capitalist because his investments in perspective innovation companies in exchange for a package (usually not a controlling) of shares he expects to earn the profit through the sale of his block of shares after a

significant increase in their value in case of business success. This is the main motivational factor of his activities because the motivation is determined primarily by obtained financial remuneration in the market economy [3, c.18]. Fact that venture capitalist does not seek to acquire a controlling stake of shares of the company distinguishes him from other strategic investors who are tend to seek to control business that trapped into the circle of their interests. Venture investor hopes that the company will use his money as a financial tool for ensuring rapid growth & Business Development, understanding that the implementation of high-tech projects for various reasons are not always completed by predictable outcomes: according to Western specialists more than 50% of all innovation projects associated with high technology, end in failure; experience of the high-risk enterprises shows that approximately 15% suffer failure; 25% lose more than they earn, 30% hardly make ends meet, and only 30% of firms that use venture capital getting extremely high profits that offsetting all the factual costs [15]. Calculation for obtaining the highest incomes is forcing venture capitalists to go to the exorbitant economic risks.

Besides financial assistance, cooperation with professional venture capitalist allows the company to borrow his experience in the management of financial growth, use the numerous venture capitalists' contacts that will help accelerate the development, reduce the risk and faster overcome problems that arise. Experience of successful owners of business show us that the skills and contacts of venture capitalists are more precious than money [12].

Typically for most countries, including Ukraine, process of concluding agreement with venture capitalist is as follows:

- Selection of specific venture firms or individuals who can reconcile with them is the starting point. Searching process of venture capital usually takes from three to six months, but in some cases take a year or more. In Ukraine due to weak development of innovation infrastructure is also complicated the process of finding suitable candidates for venture capital investments;

- The business plan, which was presented to venture capitalist, is examining before entering into the contract. When potential venture investor shows interest, to

the company forwarded experts to assess its prospects, finance, management, products, market and competition. If all meets the requirements, negotiation process begins. If business owners and representatives of venture fund managed to find common ground, they make a temporary agreement, after the signing of which to the company deputed specialists for longer and more detailed study of the business plan and activity of the company in the development stage;

- Final stage is the signing of the final agreement. It's a document that specifies terms and conditions, the role of venture capitalists within the newly formed company.

Venture investment typically consists of four stages [16]:

- Emergence of ideas;
- Its practical implementation (launching);
- Augmentation of scales;
- Departure of venture investor.

And directly the process of venture financing in most cases consists of six sequential stages which roughly corresponds to the stages of company development [17]:

- Initial funding is characterized by low levels of cash flows that are essential for new idea vital activity test. Such financing is provided by business angel often;

- Commissioning (start-up) is an early stage of the firm's life, which should carry the costs devoted with marketing and development of new products;

- Growth is the launch of the first batches of products or services and expansion of production possibilities;

- functioning of working capital is not profitable at this stage;

- Extension is the increasing of investments in order to make the company profitable;

- Departure of venture capitalist.

Venture entrepreneurship is an effective mean of stabilizing and development of the real sector of economy despite the fact that it conveys certain risks and

disadvantages. In particular, venture business carried out by a sequence of distinct stages. The starting point is the formation and acquire of innovative ideas. The disadvantage of this phase is that the authors of innovations often overestimate the potential results of its activities and underestimate real conditions and possible difficulties in implementing their ideas. Exactly for this there is a second stage in which should be carried an objective examination, estimation and analysis of all probable factors of influence on the development and implementation of innovations under the guidance of professional and qualified economists, financiers, managers and marketers.

Heads of venture firms are watching to scientific researches, looking prospective ideas financing of which should be reasonable. However, risk is enhanced at this stage of activity because thanks to even insignificant mistake firm can invest money in a hopeless project, or conversely ignore and miss perspective idea. In practice experts and venture capitalists claim that they never invest money at the stage of development of innovative idea through a very high degree of risk. Therefore, in order to minimize possible losses should be carefully in implementation of feasibility study of innovation at this stage. Otherwise the market mechanism will automatically destroy passed innovation process and established results.

Venture investor directly joins the project when business plan or even an experimental model is compiled already. Of course, during acceptance of the final decision the great importance have environmental, technological, technical, social and other factors in addition to calculation of potential profitability. However, they usually become crucial for the Ukrainian economy only when the earmarked funds of different organizations are allocated, or when the investor pursues specific objectives (for example, creation of the corresponding image on the market).

Direct practical implementation and the process of implementation of of innovation idea is important stage. Experimental model is produced originally and then trials are carried out and only if comprehensive analysis of all factors gave positive results innovation comes into series production whereupon followed to a massive implementation. Venture firm could raise the question of the sale of its

part of the organization to other investors as joint owner of business if high level of profitability is achieved by venture investments, because the main income venture investor receives from the growth of the market value of the invested object. On this stage venture investments is completed leaving a debugged process that will give ordinary income that will satisfy traditional investors.

Venture investment has been made possible for Ukraine after the adoption of Law of Ukraine "On Joint Investment Institutions (Unit and Corporate Investment Funds)" [18]. Today venture investments are primarily used for optimization of asset management of financial and industrial holdings and reduction of tax burden (exemption from profits tax). Such situation is due to non-transparent and imperfect legislation, limited financing and accordingly unprofitable investments into innovations under these conditions. Ukrainian legal regulation of venture business does not include such factors of influence as insufficient development of the insurance and stock markets, the banking system.

Venture investment in Ukraine is a form of direct investment and venture funds which are source of venture capital in the classic sense of it are financed from pension and insurance funds. In fact it is raising capital for a few years (usually 4-6 years) in companies that have a chance to grow rapidly, specifically in small and medium enterprises. From this it follows the main purpose of venture investment is the providing of current assets for small profitable firms. Researches indicates that companies with support of venture capital are more prepared to assimilate innovations, developing faster and creating more jobs than large companies [19].

In practice the most common form of combined venture investment in which part of the funds is paid in share capital and another - is given in the form of investment credit [14].

To destructive factors of the development of Ukrainian venture activity can be attributed the weakness of intellectual property protection which affects the development of scientific and technological potential and inhibits the formation of new innovative model of national economy [1, p.385]; high risks and distrust of

innovation projects; lack of favorable and stable investment climate; insufficient of investors willing to contributions of money into high-risk projects.

Nevertheless, even though not very favorable conditions, according to the Ukrainian Association of Investment Business, the numbers of registered Collective Investment Institutions (CII) per one Asset Management Company (AMC) is increasing in Ukraine (see Table 1). Although it is worth mentioning that in 2009 the absolute number of CII has decreased relative to their numbers in 2008. Also there has decreased the number of AMC during the 2009-2010: in 2009 - from 409 to 380 (-29 companies; -7.1%); in 2010 - from 380 to 339 (-41 Company; -10.8%). However the gradual recovery of the stock market is still there: the number of AMCs increased from 339 to 345 (6 companies 1.8%) in 2011 [20].

Table 1
Dynamics of number of AMC on one CII in the years 2008-2011 [20]

Index	31.12.2007	31.12.2008	31.12.2009	31.12.2010	31.12.2011
Number of AMC	334	409	380	339	345
Number of CII	2,5	3,04	3,16	3,62	4,10

Usually venture capital market consists of two sectors: informal (represented by individual investors) and formal (represented venture capital funds).

Informal sector includes individuals ("*business angels*") which are engaged in the financing of projects in the early stages. They invest "seed capital" ("seed finance"). Sizes of such investments are in the range from 10 thousand to several million dollars and usually make 5-20% of all funds. Business angels actively operate in the USA, European countries where the informal sector investments are several times higher than the volume of investment formal sector [21].

Number of active business angels in Europe is estimated at 125,000 and the numbers of their investments are carried at 30-40 times the number of venture investment funds. The amounts of potential business angels are higher than numbers of active in 10 times. In the USA business angels carry more than 80% of investments in the early stages and play an invaluable role in the development of small business. In the European Union investment pool for one million potential business angels is at least 10-20 billion euro [22].

Business angels by distributing their investments in order to reduce the risk, make some investments on their own behalf or through their companies, due to taxation and other reasons. In most cases business angels do not advertise their activities and prefer to anonymity because evaluate the actual size of such investments is impossible.

Participation of business angels in administrative activity is different and discussed with the owners of businesses in each case. In some cases business angels are involved in the management of the company, in others they are passive investors. But in 80% of cases business angels are actively involved in the management of invested companies.

Company is required significantly larger financing dimensions at the following development stages. In the USA it is usually the sum from 250 thousand to \$ 20 million. Special venture institutions or representatives of the formal sector are doing it frequently. They can be formed either as an independent company "Fund" or take the form of a limited partnership. Venture capitalist, that stands at the head of the institution does not invest their own money in companies whose shares he buys and serves only like a mediator between syndicated "collective" investors and entrepreneurs [22].

Structure of venture capital sources depends on the specific legislative regulation and entrenched in the financial area rules and regulations. However the traditional sources of forming of investment funds for most countries are the funds of investment institutions, private investors, pension funds, insurance companies and various governmental agencies and international organizations. In order to enhance the competitiveness of domestic enterprises Ukrainian government should to encourage investors to invest in high-tech, high-technology production by methods of state regulation of the commercialization scientific research and development [6, p.7].

In Ukraine venture capital funds is non-diversified closed-CII, which provides exceptionally private (closed) placement of CII securities among legal entities and individuals in accordance with art 4 of the Law of Ukraine [18]. Individual may be a member of the venture fund only if the acquisition of securities of such Fund is

not less than 1500 times the minimum wage. As of January 1, 2012 p in Ukraine was registered 867 venture funds. In comparison with the previous year, the number of venture funds grew by 23 participants. Net asset value of venture funds was 103 656,91 millions of UAH that is 92% of total net assets of all types of funds CII [20].

Thus, the formal and informal sectors are mutually reinforcing. Investments of informal sector are important at the initial stages when company needs "seed capital". And the formal sector is an indispensable on the stage of rapid growth, when products have commercial success and the necessary money to increase sales and expand production.

Conclusions.

The main thing for Ukrainian businessmen in searching of investment sources and on what venture investor pay attention primarily when choosing a project, according to the authors, are:

- Successfully formed team of different specialists, whose members complement each other;
- Experimental product, i.e. its prototype (potential venture investor should see that you came to him not only with the idea);
- Information about competitors, their strengths and weaknesses (if you specify that there is no competition, such a gesture will perceive by venture capitalists or like a lack of an adequate level of competence or as a non-profit industry where new business will operate. Because if the industry is free it is likely unpromising);
- knowledge of the market (from bottom to top and vice versa);
- Business project, not a business plan. Because on this last step it's based on surmise;

– Presentation (usually 10 slides; to a maximum of 15, on the first of which is necessary to tell about yourself and team)

It is important to remember that business angels for their services take up to 20%, and ventures are up to 30% of profit. However in most cases the share of business angel profit does not exceed 10%, and for venture fund this index is within the 15-20%. If proposed conditions are different from the given above, you should think about the continuation of search for other investors.

According to the authors, ideal option of project promotion in the market is to obtain the initial investment from business angels (the amount of investments ranging from 10 thousand to several million dollars). Whereas in the later stages of the investees, where the financing amounts are much greater, will be much easier to raise money of venture fund (usually from 250 thousand to 20 million on one "round" of financing).

Thus, for sustainable economic growth advisable to create a strong network of business angels and venture funds for attraction of investments in all types of businesses of Ukraine. Development of these alternative forms of investment will lead Ukraine on a par with the leading countries of the world.

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