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**FINANCIAL MARKET AND THE POSSIBILITY OF
ENTERPRISE FINANCING
IN AN UNDERDEVELOPED MARKET
AN EXAMPLE FROM ECONOMIC PRACTICE**

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Abstract:

For a company's success in doing business (success in the market), the management capability is the most important factor, as well as other internal values and a series of environmental conditions, whether domestic (national) or foreign (international). Enterprises from developed countries with established social and economic systems, have surpassing advantages compared to the enterprises from underdeveloped countries where there is no modern system of market economy. In comparison to the situation in developed countries. Bosnia and Herzegovina is one of the countries at a very low stage of development, where there are only few or no laws, or if there are, they are not well implemented (they are not valid or functioning). It is the same with other rules and norms as well as with the state (and situation) of financial market functioning. However, apart from these and a number of other limitations, there is a chance for success, for financing and development, for ensuring business funds and investing in progress, which has been shown and proved by a specific practical example, by investing in enterprises SM and PE.

Key words: financial market, long-term sources of finance, equity and debt securities

1. INTRODUCTION

Financial market is important for economic development because it includes economic entities that acquire financial assets for financing their business activities. Therefore, it is also an integral part of the entire financial system wherein commercial banks and the banking system have their own position and role. Financial market is a part of the financial system comprised of “a number of institutions, markets, individuals, regulations and techniques which are bought and sold with securities, and its main function is the transmission of assets from surplus to scarce savings sector, that is, ensuring assets for financing investments in capital goods and short-term assets (Vidučić, 2004. p. 63.) Financial market (german: finazmarket) can be defined in various ways and from many standpoints. For some, it represents “places, people, instruments, techniques and flows which enable the trade of cash surplus and deficits, that is, cash, capital and foreign exchange; for others it is a space wherein supply and demand of financial assets meet, whereas for someone else it is a conglomerate of special kinds of businesses and institutions which appear in the area of supply and demand” (Raiffeisen Consulting d.o.o. 2013.). Financial markets are the markets for trading financial instruments, documents which incorporate the holder’s (a party having or owning the documents) income or assets claims from the issuer, nonfinancial companies, financial institutions, households or the government, and they present a liability for the issuer” (Vidučić, 2004. p. 67.). In practice, there are many markets: stock market, bond market, government securities market, credit market, options and futures markets, markets of claims from credit cards, from leasing deals, markets of export claims, cash market, capital market, primary and secondary markets, stock market, OTC market etc. (Raiffeisen Consulting d.o.o. 2013.). A financial market is where the demand and supply of financial assets meet. Entities that have surplus financial assets (and are willing to sell) make them available, by a means of loans or shares, to entities which need them (and are willing to buy) in order to do business. Financial market is important for economic development because it includes economic entities that gain financial assets for financing their business activities and therefore, it is also an integral part of the entire financial system wherein commercial banks and the banking system have their own position and role. This provides extra possibilities for economic entities to use debt-based financial assets besides banking ones, as well as using a number of possibilities, advantages and benefits of such a way of financing, besides those provided by banks and other financial institutions. In this way, financial markets have a significant function in the development of economic entities and the entire economy, as well as in increasing economic activities and gross domestic product.

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broader sense, financial markets exist wherever financial transactions occur” (BiH fondovi 2013.).

Entities that *own surplus financial assets* save those assets and put them available for those who need them, or they invest them in financial institutions and securities (instruments) in accordance with their business decisions, estimations and expectations, as well as income they plan to earn and other goals. Entities that **have insufficient financial assets** (but they need them) get indebted by financial institutions, banks and others, or they sell financial instruments they have at their disposal to acquire assets they need in order to undertake current business activities, or to invest according to estimates of cost-effectiveness and results of acquiring necessary assets. In this way financial markets have become a significant source for acquiring financial assets for business activities funding, and in some cases they have become more important than traditional banking intermediation, borrowing and lending the money.

Based on **trade items**, financial markets include: capital market, primary and secondary market, money market, foreign exchange market, derivatives market, and according to organization levels markets can be: organized (exchange) and unorganized, over-the-counter (PBZ Croatia Osiguranje obvezni mirovinski fond, 2013.). On the basis of the maturity period financial markets include money market and capital market. **Capital market** is a part of financial market where long-term securities are traded with the maturity of more than one year, and the securities traded are equity instruments (shares) or debt instruments (bonds). Money and short-term securities (with the maturity of less than one year) are traded on **the money market**, and the transactions are done between commercial banks. Economic entities acquire financial assets in this way which are needed for their liquidity maintenance, or for settling short-term requirements to provide funding for current business activities.

2. CAPITAL MARKET AS A PART OF FINANCIAL MARKET

The main task of financial markets, especially capital markets, is providing necessary capital for companies with the lowest possible costs (Orsag, 2002. p. 129) Financial instruments or securities are traded on the capital market, so one may say that capital goods, financial instruments and securities are all synonyms. There is a primary and a secondary capital market. The **primary market** includes the first appearance (issuance, flotation, incurrence or coming into existence) of stocks, bonds and other securities with the maturity of more than a year. Entities that issue them raise capital in that way, they gain money they need for undertaking business activities, for settling note payables and in most cases, for investment requirements. Issuers, entities that do initial public offering (IPO), perform it legally and use specialist experts’ services for the activities which are usually in banks or other institutions dealing professionally with those activities, and banks are often main buyers of such securities or their distributors, if they are able to find buyers and sell the securities to them.

Further trading in those securities occurs in the **secondary market**, they are sold once or more times (resold) and they only change their proprietor. Floated stocks are usually traded for money, but there is a possibility of exchanging them for non-monetary assets and services (Gulin, 2002., p 157). Security holders need money before the maturity expiration of the settlement of available securities (bonds), or they want to sell their share in a company (stocks) which they do if they are able to find an adequate buyer willing to purchase under certain conditions (price and other). The fact that an investor in a security can earn money

and use it even before its (a bond's) maturity and that it is possible to use the money invested in stocks whenever it is suitable, enables the assurance of investment in securities, increases assets mobility and supports liquidity, which is very important from the point of view of the development of a company or economy, which creates such possibilities and markets. That is why capital market is important and significant for overall economic development. It does not exclude the need for banks and banking institutions, but increases the efficiency of entire financial and economic markets. The secondary market has a greater significance than the primary, so in some cases the capital market is a synonym for the secondary market. The primary market is related to the securities issuer, whereas secondary market is associated with ownership, with the entities that bought securities and have them at their disposal.

3. LONG-TERM SOURCES OF FINANCE

On the basis of the characteristics of securities traded on the capital market, we distinguish equities and debt securities, securities that are related to ownership or debt. In a conceptual sense, stocks are mostly defined as equity (principal) securities which demonstrate the share of their holders in the capital (principal or net assets) of corporations (German, Forgue, 2004, p. 502. Equities refer to ownership, that is, to co-ownership in a company. Typical examples of such securities are stocks, and they are related to certain ownership rights. Owners of stocks are people holding them, having them at their disposal, owning them, without any indication of the issuer (on the secondary market). They can buy and sell stocks like any other market participant, having no advantages or preferential treatment. When issuers float stocks, they sell their share in a company for money equivalent, as well as participation in allotment (by dividend), but they do not commit to pay back the invested money to anyone, nor they guarantee that investing in securities will pay off. Debt security (bond) issuers gather necessary financial assets and commit to the buyer to pay out the entire value of the security plus interest on a determined maturity date, which means that this is a debt relation that differs greatly from ownership relations.

3.1. Equities

A stock is equity, a written document or an electronic record that gives its owners certain ownership rights, and its buyer becomes a co-owner of a company, that is, a corporation. A share in a company is proportionate to the traded stocks in relation to the total amount of stocks of the company. By issuing stocks companies acquire financial assets from stock buyers, investors or financiers. Companies need them for financing current business activities and development, and this is always done when a company estimates that it this is a better way of acquiring assets than, for example, borrowing from a bank or other creditors. From this point of view, stocks are long-term instruments of financing a company; they do not have a maturity date and are free sources of finance because the capital raised in this way "costs the company nothing". By selling stocks a company sells its ownership share and stock buyers become owners or co-owners of the company whose stocks they bought. The total number of stocks an individual has available, in relation to the total number of stocks of a company, determines the place, position and the role of the buyer, the co-owner of the company, the co-owner in the company's management. Investment in a company's assets provides conditions for making greater profit in future accounting periods, which increases stocks' value, and dividend payout increases small investors' interest in buying stocks, which also affects the stocks' price rise. That is why in decision-making on distribution of profit it is always important to find an optimum relation between the profit which will be reinvested in the company and the profit which will be distributed by a means of dividends, from a long and short-term point of view (the

decision is made by the company's management, shareholders with the majority of the votes, on the basis of ownership or authority, if the other shareholders have authorized them to vote in their name). Traditionally, we distinguish two typical types of stocks, common or ordinary and preferred or preference stocks (Megis, Megis, 2008., p. 558).

Common stocks are the basic ("real") equity securities and they differ from **preferred** stocks which give their owners a preferential position. Preferred stocks are issued (floated) for acquiring financial assets mostly when companies do not want to change ownership structure. The owners of preferred stocks are given certain advantages, but they are limited in management (in some cases they have no rights in decision-making) and there are fewer preferred than the common stocks. Common stocks are basic instruments of corporate financing (Orsag, 2011., p. 631). Stocks, like any other securities, are tradable securities which means that at any given moment they can be cashed, change owners and reach adequate price which depends on supply, demand and other trade conditions, and this happens on the capital market, stock markets and other organized public markets. When the demand for stocks of a company is great, this reflects on their price which consequently increases, and in the cases when demand is lower than supply, stocks go down. The expected companies' business in the future is important here because stock supply and demand flow will depend on that, stock demand will increase if there is a belief that a company will successfully do business in future periods and vice versa. Since there is always an uncertainty when it comes to successful business (there is no absolute guarantee for a successful business), this fact affects supply and demand flow, depending on the level of uncertainty and the estimation of expected activities of shareholders and future investors.

3.2. Debt securities

Bonds are long-term debt securities, financial instruments used by a buyer (on the primary market) to lend an amount of money (stated in the bond) to an issuer, and the issuer commits to pay interest and the principal (within the maturity date) annually to the security holder (owner). This is a loan relation between the issuer and the buyer of the security, and it differs from traditional loan because a debt financial instrument can be bought or sold on the secondary market, so a bond can be considered a tradable credit. A bond **par value** is the price stated in it, that is, the amount of money which the issuer committed to pay to the bond buyer (at the maturity date), and the interest rate of the bond is called the **coupon** or **nominal interest** rate. Once determined, a coupon interest rate is valid throughout the whole defined period in the bond, and there are bonds whose interest rate is not fixed within its duration period (bonds with variable rate of interest) and bonds that pay no „traditional“ interest (pure discount bonds); it is originally sold for less than its face value, and the repayment of the principal is called maturity of a bond. Bond repayment can be single, when the entire principal (the bond value) is paid at once on the maturity date, or at determined intervals, semi-annual or annual (repayment at certain dynamics), and the usual interest payment is at semi-annual and annual intervals (at the bond issuing date, and it is determined according to general market conditions and interest rate movement).

Bond price is stated in the percentage of face amount of the bond, and indirectly as cost price in a money unit. If a bond's value is 1000 money units, its price of a 100 implies that a buyer must pay a 100% of the face value of the bond, that is, 1000. The price of 95 implies that 95% of the face value or 950 money units are paid, and the price of 105 means that 105% of the face value of the bond or 1050 money units are paid. When the bonds are trade under 100% of the price (below the face value), they are traded at a **discount**, and if they are traded at prices higher than 100%, they are traded at a **premium**. Trading at a discount is

when bond prices are lower than a 100% of its face value, and trading at a premium is when bond prices are higher than a 100% of its face value. Bond price depends on the demand and supply of such securities, and the movements of demand and supply depend on the trust in issuers, their rating and mostly on current market interest rate, so bond prices are related to the risk of variable interest rate. There is a great probability that bond prices on the capital market will go down if market interest rate rises and vice versa, that bond value will increase if interest rates drop, and such situations and tendencies have already become almost common in practice. As any other investor in securities, bond investors also consider the efficiency of their investments and compare them to expected benefits, incomes or profits, as the usual ways of stating benefits from bonds investment.

Coupon or nominal return of a bond is an interest determined in advance wherein the issuer commits to repay the buyer; this amount is determined at the issuing of the bond and is fixed until its maturity date (for a bond with the value of 5000 money units and 10% interest its owner will get 1000 money units annually, nominal or coupon yield). By buying bonds (investing in them) one expects a profit (or benefit) on the basis of face value (nominal interest rate) and on the basis of the price of the tradable bond, and that ratio is current yield. **Current yield** implies the market value of a bond and the amount of interest from the bond, and it shows the interest rate of the bond and of the return on invested assets in bond purchase.

$$\text{Current yield} = \frac{\text{Annual interest repayment}}{\text{Bond market value}}$$

Taking into account the fixed nominal interest rate until maturity date of a bond, as well as credits with variable interest rates which affect the variability of interest rates of new bonds, new bonds are issued with **higher or lower nominal interest** than the nominal interest of existing bonds. Since bond prices on the capital market are equal for old and new bonds (bonds with different nominal interest rate), the old bonds' prices are corrected and balanced with market interest rates. The ratio between current yield and nominal interest rate is different in situations when bonds are traded at a discount or premium, that is, if bond prices are lower or higher than the nominal ones. Current yield is higher than the nominal interest rate (nominal yield) if bonds are traded at a discount, and it is lower than the nominal interest rate if bonds are traded at a premium. If the bond market price equals its nominal amount, current yield is equal to nominal interest rate.

Bonds are distinguished according to a number of criteria. They can be entitled to its owner or issuer, there are bullet bonds or bonds repaid annually, bonds with fixed and variable interest, pure discount bonds, bonds with insurance (deposit, mortgage and similar) or without insurance (loan stock and similar), and there is a great importance in the difference between corporate and public bonds on the basis of their issuers, that is, whether they are issued (floated) by companies or the public sector (government bonds). Corporate bonds are issued by companies when they need financial assets and when those assets cannot be acquired from other sources, or when they estimate that this is the most efficient way of acquiring debt-based assets, when using banking and other assets is more expensive and when they do not want to disturb established ownership relations by issuing other securities (stocks).

From the point of view of issuers' companies, the advantages of raising capital by issuing bonds can be in the cost price of the raised capital, in relation to

other possibilities (interest rates are mostly lower than in bank loans), in the fact that bond buyers do not intervene in a company's business or decision-making, the intermediary role of banks is avoided in acquiring assets, the procedure of acquiring assets (in relation to negotiations with banks and other financiers and activities within loan insurance) is made simpler, and besides this, great amounts of assets can be acquired by bonds from a great number of investors, financiers (bond buyers) without any special negotiations, unlike in the cases of other financial sources (banks and others). Different kinds of bonds are traded on active markets

Different kinds of bonds are traded on active markets (Vidučić, 2004., pp 174-176: mortgage bonds, loan stocks, convertible bonds, income bonds, indexed bond, floating rate bonds, Eurobonds, zero coupon bonds, bonds sold at par, junk bonds and others). The public sector bonds or government bonds are securities or long-term financial instruments which are issued by local government and self-governments (municipal bonds) and most frequently by a country's ministry of finance, but they can be issued by different government agencies and funds and that is why they are called government bonds. In most countries governments provide insufficient assets by issuing bonds. They need the assets for financing their requirements, for paying debts and budget deficits or for financing some other requirements (financing a war and after war renovation, the consequences of natural disasters etc.). Governments get into debt to settle previously taken loans. In such circumstances the goal of debt is not the reduction of the total amount of debt but to non-financing previous credits and the maintenance of debt in (acceptable and desired) relations towards gross domestic product. When a problem cannot be solved in a better or more acceptable way, when a government cannot balance its income and expenses by increasing taxes or by reducing public sector expenditure, and similar.

Governments go into debt because they have to, and when they do, they try to do it in the best possible and most efficient way. When it suits them, they go into debt on the basis of traditional credits on the domestic and international capital markets or they accept other available possibilities. Considering the long-term feature of government debts, reasons for going into debt and the credibility of a debtor government, it seems there is no better, simpler or easier way of indebtedness than issuing bonds. This is the basic reason for the creation of bond markets in many countries of the world, and this market has stimulated the development of the entire capital and financial markets in those countries.

3.3. Loans

Credit financing is done by banks and other financial institutions which under certain conditions lend money (grant loans) to borrowers. Loans are granted on the basis of loan contracts, and the borrower commits to repay the entire borrowed amount along with determined interest (as a price for borrowed capital) according to certain dynamics and agreed-upon number of instalments. Loans are granted for longer or shorter periods so there are short-term and long-term loans. Banks also require a certain security and bad debt insurance in order to collect the agreed amount in case companies cannot repay the debt. Short-term loans are mainly related to solving problems of current ratio, for paying and settling obligations in current business activities, and long-term loans are mainly related to investment activities, expanding business activities or introducing new products, technologies or technological proceedings.

3.4. Other sources of long-term finance

Various instruments for financing long-term requirements of companies occur on developed capital and financial markets, such as preferred stocks, warrants and convertible stocks. Preferred stocks are equities, but they differ from

ordinary stocks because they do not affect ownership when issued, nor they disturb established ownership structure. Owners of these stocks have the right to a fixed dividend (previously agreed-upon) and a conditional right to manage which means that these owners mostly do not participate in the management of a company, but they are given priority at dividend payout. They are the first to get dividends paid, followed by owners of ordinary stocks if there is any money left. For shareholders, a preferred stock has a debt characteristic, and creditors consider it a “pillow” of their own capita (Vidučić, 2004., p. 187)l. Preferred stocks can be cumulative, participating and convertible.

Cumulative preferred stocks give rights to payout of unpaid dividends within a certain period (usually in three years) and the possibility of swapping unpaid dividends with ordinary stocks, which also reduces the risk of investing in those securities. **Participating** preferred stocks offer holders the opportunity to receive extra dividends (a balance between ordinary and fixed preferred stock) in an unexpected profit of a company. **Convertible** preferred stocks offer holders to swap them with ordinary stocks, and they do it if the price of ordinary stocks increases on the market and if they estimate that this is a more profitable way.

Warrants are issued by companies, warrants being long-term option of purchasing a certain number of ordinary stocks at a determined price (specified or strike price) during a determined period. **Options** are contracts that give owners the right to buy or sell assets (stocks) at a previously agreed-upon price within a certain period, and they are issued by investors. The **put option** give the option to buy ordinary stocks at certain price (a strike price), within a predetermined period, by a predetermined date or on a determined date, and **call option** offers right to sell ordinary stocks at an agreed-upon price (predetermined or strike price) on a predetermined date (*European option*) or within a predetermined period (*American option*). The right to sell and buy does not imply an obligation, and the option owner will decide on the best suitable way. The owner will act to gain the greatest possible profit.

Convertible securities can be stocks or bonds, and they are called like this because they can be transferred into ordinary stocks, they are issued (floated) with an option of transforming into ordinary stocks if this is suitable to their owners. These securities also have elements of debt and equity securities. By issuing or floating convertible securities, conversion from one security to another is determined, as well as the price and other transferring preconditions, maturity, coupon interest rate, call preconditions and others.

4. AN EXAMPLE IN PRACTICE, THE „PE“ COMPANY

4.1. The beginnings

In the late eighties and the beginning of nineties of the last century, social and political changes were very intensive in this area too, which caused the closing of all companies that were state-owned, except those which conducted public activities, the post office, electrical and public utilities, and as a consequence many people were left jobless. It was obvious that the old planned, autonomous system would not exist anymore and that most of the state-owned companies would become private, which meant that the fired people had to manage on their own to cover their expenses and provide for their families.

A group of four friends and colleagues decided to start a business and founded a company for trading plate, profiles and other materials from domestic and foreign markets (imported) intended for manufacture and personal usage.

They used a family house with a yard as a business space and had no need to invest in new objects, very many assets were invested in small inventory (phone, fax and others), and the biggest problem was ensuring money for materials (goods) supply which they intended to trade: plates, profiles and other materials. They made a deal to invest 10,000 DEM (German marks, cca 5,000 Euros) each and to discuss new investments and deposits afterwards, depending on the development of the business. They could not get bank loans because banks (governmental) were run by directors appointed by the new government (chosen by the first democratic elections), and those banks granted available assets with approval of those who appointed them and there was no possibility to get loans without having good political connections. The greatest demand and profit could be made by selling aluminium and other imported profiles (from Italy and others) and advance payments were required and great quantity discounts were given (price would have been at discount if greater amounts of goods had been ordered), which increased the need for working assets in order to use favourable market offers. The only possibility in such circumstances was borrowing from family members, relatives and friends, and pre-war situation did not serve these forms of indebtedness, especially for younger people (like the founders of the company) who were expected to be mobilized any day.

The after-war period („a time of neither war or peace“) lasted for a long time and it was not a good ground for business results, but business was spreading and one could say that they advanced well, but the problem of insufficiency of working assets was not being solved until privatization of banks occurred. In non-privatized (former social, then government) banks there were not sufficient assets for those who run the banks (influential politicians and their supporters), and it was probably understood that borrowed assets would not have to be repaid, that they would be discharged or there would be some other form of freeing from liabilities. With the occurrence of private banks (at the end of the nineties of the last century) there was a possibility for companies to get loans, and it was a silver lining in solving problems of debt and insolvency the owners of companies had. For the first time, companies were in debt, and not individuals, and no matter the high interest being a burden to business, one could successfully do business, go into debt, order larger amount of materials, serve bigger buyers and expand the market. Private banks made it possible for this company to do business with foreign partners by approving letters of credit to acquire goods from abroad. This was impossible with some other banks in BiH because of their status of undefined ownership or rating problems in international banking circles. Foreign banks, whose clients were business partners from „SM“ company, did not accept guarantees or letters of credit from Hercegovacka Bank (they considered it a political establishment), Dubrovačka Bank and Glumina Bank which were in financial problems and at the beginnings of solvency proceedings, and all this resulted in big problems in business of the company when it came to paying and approving letters of credits to foreign partners.

Their successful business resulted in a very good market position as well as a great domestic market status and in the creation of a reputation of a good, reliable and desirable business partner. This consequently led to spreading of business not only based on material types but also spreading to other markets in neighbouring countries, especially among foreign partners they did business with. Moreover, modern business spaces were built and equipped with more than a million KM, and conditions for contemporary business were established, and so many found their interest in this: employees (about 15 permanent employees), business partners, buyers, suppliers and close and wider social community.

4.2. Mutual investments with a foreign partner

A long successful cooperation (more than 15 years) between “SM” and their foreign business partners “GP” resulted in the construction of a modern factory of aluminium profiles “PE” in ŠB, in which a foreign partner, as a majority owner (80%), invested millions of Euros. One of the reasons the foreign partner chose this location was the nearness of the aluminium factory in Mostar (EAL) which delivers aluminium logs, a material for the production of profiles.

The construction of the factory was completed within a deadline, and after the probation period, the factory engaged in a full capacity operation in three shifts and employs 90 people. The capacity of the factory is 8,000 tons of profiles. It sells approximately 10% of profiles on the domestic market, and 90% is exported to the EU countries, which is the best evidence of their products’ quality. A share of “SM” company in the “PE” company is 20%, and the money for investment of about a million Euros is ensured from the company’s assets, from profile buyers and (to a smaller degree) from bank loans. In discussions about mutual investment, the foreign partner insisted to be a majority owner, and owners of “SM” decided that they would participate in the joint company with 20% ownership; however, they could have owned 49%. The foreign partner did not want to include other entities in the “PE” ownership nor did they set any requirements to “SM” when it came to acquiring assets for the joint company.

The owners of “SM” did not want to sell their share in the joint company nor change ownership structure, but other companies and big buyers offered to **buy their shares**, that is, they could have sold some of their share and partly ensure money for investment in the joint company. They estimated it was more useful for the company to be indebted by a bank, and it especially suited them that a significant amount of money was lent to them by their business partners and big buyers, agreeing that their investment in the factory was returned through profiles produced by the factory. In this way, “SM” acquired “**free assets**” for financing their share in the joint company with the foreign partner, they did not sell nor reduced their co-ownership, and they ensured the selling of a part of profit that would be made in the new factory. The profile buyers found an interest in the secure supply of aluminium profiles, they lent available money with interest to their business partner, and the debt with interest would be settled by delivering adequate amount of profiles at valid market prices on the delivery date.

5. CONCLUSION

In the beginning the “SM” company had to use debt-based financial assets because there were no other possibilities, and there were periods when there were no options whatsoever, so they had to borrow from relatives and friends. Also, one could not sell stocks nor shares on an organized market because there was none, but they could have sold shares if the owners had decided to do so no matter they were not a corporation or that they had no quoted stock on the BiH stock markets (in Sarajevo and Banja Luka). The company could not issue bonds, debt securities, because there was no market for them, and there were no assumptions (legal or others) that corporate bonds could be issued, but this was no obstacle for the company to acquire debt-based financial assets and to solve their problems with borrowed money from profile buyers (similar to borrowing by issuing bonds). The important thing is that there is an entrepreneurial spirit and business commitment, that market possibilities are realistically estimated as well as possibilities of successful business, that there are financing sources whose number is growing which results in greater opportunities for businessmen to find the best possible way of financing their business. When businessmen are successful, all is good for them, their employees, the government and the society whose economy is developed and unemployment is low without social problems.

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